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FINANCIAL TIMES

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NEWS SUMMARY

GENERAL

...omyko at ...ited ...ations

... Gromyko, Soviet Foreign ...ry, was taken ill during ...r speech to the UN ... Assembly. He stopped ...sentence, gripped the ... and had to be helped

... security men supported ...der the arms and took ... the Assembly President's ... here he rested for half ... Mr. Gromyko was able ...n to the podium later.

...nounced the Camp David ...ent and urged support for ...a Soviet disarmament ...e calling on nuclear ... agree not to use such ... against non-nuclear ... Assad-Hussein talks,

... warning

... Widgery, Lord Chief ... warned magistrates not ...infected" by the idea of ...ail in murder cases. His ... follows the bailing of a ...ham man accused of ... youth who died under a

...n art sold

... works of art, stolen ... London flat two years ...re sold for £25,130 at ...'s. The proceeds will be ...ject of a High Court ...etween the Italian seller ... bought them in good ...d the original owner. ..., Page 6

...esia bomb

... damaged a civil ser... ...ilding in Salisbury, ..., about 400 yards from ... of Prime Minister Ian ...o one was hurt. Martial ..., Page 4

...r's killer

... Wright, 28, of Cam... London, was jailed for ...e Old Bailey for killing ...hael Horden with a soda

...s deadlock

...ey, Industry Minister, is ...urther talks in Paris in ...pt to reach a compro... ...h would bring the UK ... European Airbus con... The surprise extension ...er a tough two-hour ...l meeting yesterday.

...er demo

...f Astrid Proll, alleged ...einhoff terrorist, threw ...hen she was remanded ...k at Bow Street. Lon... ...ce extradition proceed...

...d checks

...ound for Heathrow air... ... other places along the ...ce new speeding checks ...xt Sunday. Thames ...olice are installing a ...ice and an electronic

... clash

...people died and 50 ...red in clashes between ...n-religious groups in ... northern India.

...Macleod

...Leod manager of the ... soccer team for 16 ...has resigned to take ...t Division side Ayr ...MacLeod was in charge ...d's ill-fated World Cup ... to Argentina.

...in some . .

...who appealed against ... for butting a policemen ...ntence changed by the ... of Liverpool. He was ... three months instead.

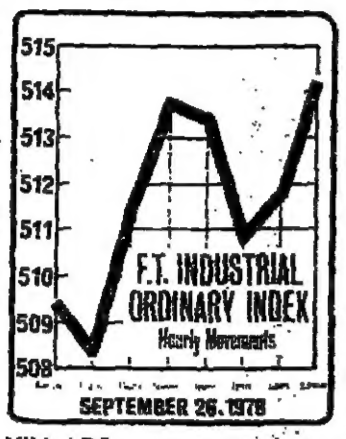
...uchess and ...ustman

...hess of Devonshire ...nness, James Kenna, a ... drank champagne and ...sed the oysters. They ...sts of honour when ... Arcade, in London's ...elebrated its status as ...One listed building. ...chess was representing ...endish family—Lord ...Cavendish built the ...d Mr. Kenna, who ...rom it regularly, was ...lebrate the rubbish tip ...t was built. Men and ...age 16

BUSINESS

Equities up 4.8; Gilts subdued

● EQUITIES made a modest technical rally and the Financial Times ordinary index closed 4.8 up at 514.2. In Tokyo the



Nikkei-DJ average reached a record post-war peak of 5,693.92.

● GILTS were subdued and the Government Securities index fell 0.09 to 70.15, for a 0.66 fall in three days.

● STERLING fell 40 points to $1.9715, and its trade-weighted index fell to 62.7 (62.8). The dollar's depreciation improved to 9.2 per cent (9.4).

● GOLD fell $2½ to $217¾ in London, and in New York, the Comex September settlement price was $216.20 ($218.10).

● TIN fell on the LME on news that the U.S. House of Representatives had authorised stockpile sales. Standard cash tin fell £162.5 to £6,870 a tonne. Page 39

● WALL STREET closed 5.81 up at 868.16, after a technical rally in active trading.

● STOCK EXCHANGE and the City Takeover Panel may be split in their views of the Government's proposals to outlaw insider share dealing. Back Page

● BP chief has said that 10 new North Sea oil provinces must be discovered in 20 years to reach reserve targets by the year 2000. Back Page

● NEW YORK's Mayor has warned of further severe budget cuts over the next four years to reduce the city's deficits. Page 4

● BRAZIL has arranged a $150m loan through a group of banks headed by Westdeutsche Landesbank. The maturity on the longest tranche of this loan is 15 years, the longest yet for a Brazilian borrower. Page 35

● LONDON INSURANCE market has paid out £3.8m to Pacific Southwest Airlines, for the Boeing 727 involved in the San Diego air disaster. Page 6

● SINCLAIR RADIONICS, in which the NEB has a 73 per cent stake, is to introduce a new version of its pocket television only available on the UK market. Page 8

LABOUR

● LOCAL AUTHORITY employers have rejected for the second time a Government appeal to renegotiate a 12.5 per cent pay award for 5,000 chief officers and executives. Page 10

● SCOTTISH road hauliers are expecting industrial action by lorry drivers following the first pay negotiations in this year's wage round. The Road Haulage Association is likely to offer 5 per cent, while the drivers have submitted a claim for 20-30 per cent. Page 10

COMPANIES

● JOHNSON FIRTH BROWN has won control of Weston Evans, the Lancashire engineering company. Page 32

● EMI chairman, Sir John Read, has warned that end-year results next month would reflect the medical division's performance in the wake of the down-turn in U.S. orders for the EMI-Scanner. Back Page and Lex.

● BARRATT Developments reports record pretax profits for the year to June 30 of £11.2m (£7.4m). Page 30 and Lex

● UNICORN INDUSTRIES pretax earnings fell to £3.46m against £3.62m for the first half of 1978. Page 30

PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
...velopments	124	+ 7
...id	44	+ 2½
...)	258	+ 7
...	328	+ 8
...ldeley	232	+ 6
...rf	150	+ 7
...anghai	310	+ 9
...)	130	+ 5
...ks	120	+ 15
...gineers	41	+ 3
...ms	174	+ 6
...rical	380	+ 8
...ntal	£11¼	+ 1
Peko-Wallsend	320	+ 21
RTZ	240	+ 5

FALLS		
Barr and WAT A	131	− 8
Fisons	357	− 5
Freemans	370	− 10
Lovell (Y. J.)	180	− 8
Peter Pan Bakeries	50	− 10
Regional Props.	78	− 4
Sime Darby	105	− 9
Unicorn Inds.	101	− 5
Amal. Tin Nigeria	33	− 3
East Dic.	795	− 20
Libanon	334	− 26
Petaling	270	− 10
Sungei Besi	195	− 15

Healey optimistic over prices, output and employment

BY PETER RIDDELL: WASHINGTON, Sept. 26

Mr. Denis Healey, Chancellor of the Exchequer, today presented a notably buoyant and optimistic view of the recent performance of the UK economy and its prospects.

He predicted that the 12-month rate of retail price inflation should stay at about 8 per cent for the next six months and could remain in single figures right through 1979.

This would depend on the success of the pay policy and he expected the earnings outturn to be 7 per cent over the present pay round after allowing for 2 per cent for self-financing productivity deals and slippage on top of the 5 per cent limit.

Later, addressing the joint annual meetings of the International Monetary Fund and the World Bank, Mr. Healey said the "dramatic improvement" in Britain's financial situation reported a year ago had now been reflected in other areas of its economic performance.

His comments represent an almost triumphant statement of the recovery in the UK standing since the low point of two years ago. "The pound," he argued, "should no longer be regarded as a weak European currency," referring to the fact that the current account was likely to be in surplus for 1978 as a whole.

Mr. Healey highlighted a "significant improvement" in output and employment.

He forecast, for example, that manufacturing investment in the private sector should increase this year by almost as much as last year's 14 per cent rise in real terms. Unemployment should continue its recent "slow and steady" fall and the rate of decline could accelerate.

The Chancellor was non-committal, however, about the prospects for a further package of expansionary measures. He was not prepared at the moment to make any judgment on the scope for further action; he would have to return to Britain and reflect on the position in the light of the latest evidence and the results of the meeting of Finance Ministers.

But he said there were "no current plans" for further measures before the next main Budget next spring.

Discussing the prospects for growth, Mr. Healey referred to an IMF study which had said that, if all countries took "sensible action," then the UK could grow at an annual rate of 3½ per cent in real terms over the next couple of years and still have an annual $4bn (about £2bn) surplus on its current account. But this was purely an illustrative exercise.

Mr. Healey also discussed the proposals for a European monetary system which had been a constant theme of both formal and private talks here, and he emphasised the British view that there were limits to what could be achieved by intervention alone.

There does, however, appear to be a growing understanding between the UK and the stronger supporters of the proposals—for example, in West Germany—about the need for flexibility in the scheme, allowing movement in exchange rates by mutual agreement within the system to reflect differences in economic performance. But changes should be less frequent than if the scheme were not introduced.

This need has been stressed in the last two days by senior West German officials and by Mr. Healey. This could make it easier for Britain to participate in any new system.

Mr. Healey also argued that any acceptable system would have to be durable, in contrast to the experience of the UK and France with the present snake, the joint European float, and any new system should not present further obstacles to growth.

In his speech, Mr. Healey said that during the discussions of the last few days there had been signs that moves towards better balance in the world economy were under way. This theme has been taken up by many of the other Finance Ministers.

Carter gives export boost

By David Buchan and Jurek Martin

WASHINGTON, Sept. 26.

AN ATTEMPT to narrow the U.S. trade deficit and to strengthen the dollar, President Carter today announced a new export promotion programme, featuring a $600 (£304m) increase in Government export credits and guarantees to U.S. companies.

The package includes an extra $20m (£10.1m) in Government promotional activities and promises a wide review of environmental, anti-bribery and anti-trust laws that could inhibit U.S. exports

Details of the programme came on the same day as figures which show consumer prices rose 0.6 per cent last month, fractionally more than in July but appreciably below the rate experienced in the first half of the year.

Mr. Michael Blumenthal, U.S. Treasury Secretary, predicted in his formal address to the annual meeting of the International Monetary Fund and the World Bank this morning "considerable moderation" in the rate of inflation during the remainder of the year.

He emphasised, however, that even the levels of the last two months were too high and that further action would be taken. Without giving away any of the details of the pending anti-inflationary policies which are currently awaiting President Carter's approval, the Treasury Secretary said that they would not be "a one-shot affair" and would be designed to dovetail both with the Federal Reserve's monetary policies and with the tax proposals now being considered by Congress.

Mr. Carter called on Americans to shed their relative indifference to winning and holding export markets, pointing out that U.S. exports over the past 20 years had grown at half the rate of other industrialised countries. Today's announcement was timed to coincide with the IMF and World Bank meetings.

It also precedes the departure on Saturday of the largest ever U.S. trade delegation, led by Mrs. Juanita Kreps, commerce secretary for Japan.

But Mrs. Kreps today stressed that the new programme would take time to be effective, although eventually it might generate an extra $5-10bn in exports. The additional $500m for export-import bank loans would not be requested for another year or so, but $100m from the small business administration would be available in the form of loan guarantees for small exporting companies rather sooner.

The money involved is small compared to the size of the size of the overall trade deficit

Continued on Back Page

Number out of work falls again

BY DAVID FREUD

THE DECLINE in adult unemployment resumed this month after the rises of July and August. The number out of work—1.38m—is now 56,800 below the post-war peak of a year ago.

Department of Employment figures show that the number of adults out of work in the UK fell by 14,000 to 1.38m in the month to mid-September, taking seasonal factors into account. The proportion of the workforce unemployed was steady at 5.8 per cent.

The fall recovers more than half the 27,400 increase in adult unemployment of the previous two months and is in line with the steady downward movement seen between September 1977 and June this year.

Officials said yesterday that it confirmed their belief that the underlying trend of unemployment was steady or falling gently.

Optimism about the underlying trend is reinforced by an increase in the number of vacancies and by the rapidity with which school-leavers seem to be finding jobs.

About a third of vacancies are notified to employment offices, providing a reliable guide to activity. Seasonally adjusted, the number of notified vacancies remaining unfilled in mid-September was up 9,400 at 218,700.

This was the highest level since November, 1974, and more than balanced the 8,100 drop in July and August. The number of vacancies is now 71,500 higher than a year ago.

Smaller

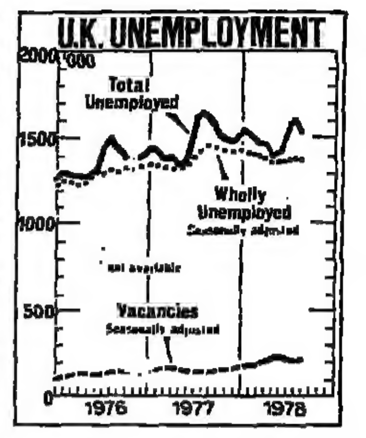
The number of school-leavers on the registers fell 82,724 this month to 139,346, the biggest monthly drop since the war. The number on the registers is now 104,000 below this year's peak of 243,300, recorded in July.

This means that only 20 per cent of the 680,000 estimated to have left school this Easter and summer are still on the registers, compared with 26 per cent of a smaller total at the same time last year.

The fall in adult unemployment took place in spite of the continued run-down in the numbers helped by the Government's job creation measures. These are thought to have kept 180,000 off the registers this month, 12,000 fewer than in August.

It now looks as if the increase in unemployment in July and August, which mirrors a similar hump last year, was more a reflection of inadequate seasonal adjustment than any underlying change in the level.

The August issue of the Central Statistical Office's Economic Trends contained an assessment which suggested that the



seasonal pattern has changed markedly in recent years and that a better adjustment might be achieved if the data was further broken down.

There are signs that the pick-up in industrial output from the beginning of this year is having some differential impact on employment for men and women.

The fall in the absolute number of men out of work, seasonally adjusted, was 6.2 per cent over the last 12 months but for women, the decrease was only 2 per cent.

The unadjusted UK unemployment total, including school leavers, fell in the month to mid-September by 90,653 to 1.52m, from 6.7 to 6.4 per cent of the workforce. The total for Britain fell by a record 87,733 to 1.45m, from 6.6 to 6.2 per cent.

● Mr. David Basnett, leader of the General and Municipal Workers' Union, commenting on the figures yesterday, said: "We need to take more drastic measures to ensure that we do not suffer from the growing number of long-term unemployed.

"We need to think beyond the shorter working week to an even greater degree of work-sharing."

Regional map Page 8

Science park in Midlands

PROPOSALS FOR a high-powered science-based industrial estate adjoining Birmingham University are being studied.

The idea of science parks, as they are called in the U.S. because of their high environmental standards, is to bridge the gap between research and prototype production.

£ in New York

—	Sept. 26	Previous
Spot	$1.9655-9670	$1.9796-9805
1 month	0.75-0.67 dis	0.69-0.60 dis
3 months	1.77-1.51 dis	1.76-1.70 dis
12 months	5.75-5.55 dis	5.70-5.55 dis

Ford strike made official by engineering union

BY ALAN PIKE, LABOUR CORRESPONDENT

THE NATIONWIDE strike by Ford's 57,000 manual workers was yesterday made official by the Amalgamated Union of Engineering Workers.

At the same time the union's executive deplored the company's failure to "make clear the extent of any possible settlement" and called for immediate talks.

However, its suggestion that the company should negotiate while the strike continues is unlikely to be well received. Ford which has deplored the strike starting at the outset of talks and while the current agreement has a month to run, will be unwilling to meet the unions in these circumstances.

As the remainder of the Ford workforce joined the stoppage yesterday the dispute's political implications were seized by the National Union of Public Employees. It with other unions is pressing a 60 per cent pay and conditions claim for more than 1m local authority manual workers.

"The men at Ford are not alone," declared Mr. Ron Keating, assistant general secretary. "They will be followed by 1m council workers, 250,000 hospital ancillary staff and water and ambulance staff. Public sector

Vauxhall claim Page 10
Prices scrutiny Back Page

Ford shop stewards from the company's Dagenham, Essex, complex yesterday went to Downing Street and handed in a letter warning the Prime Minister that the Government's economic policy was leading to its "political suicide" and the "breakdown of relationships within the entire Labour movement."

It said there was a growing hostility among their members to the continuation of a Labour Government. "Proposals that we should work for the return of Labour MPs are now being openly derided," added the letter.

Mr. Denis Healey, the Chancellor, warned in Washington yesterday that the Government would unhesitatingly apply sanctions against Ford if its settlement exceeded the 5 per cent guidelines.

Speaking before the joint annual meetings of the International Monetary Fund and World Bank Mr. Healey said he hoped the unions would discuss with Ford the possibility of a self-financing productivity deal which might give them more than the bare 5 per cent increase in basic rates.

Liverpool dockers representatives are expected at a meeting this morning to agree to black Ford shipments during the dispute. Shop stewards are seeking the support of dock workers in other parts of the country to try to stop the import of Ford cars manufactured on the Continent.

Prior hints at Tory wages curb

BY RICHARD EVANS, LOBBY EDITOR

A FUTURE Tory government might introduce a statutory incomes policy "in certain circumstances," Mr. James Prior, Shadow employment spokesman and one of the most influential members of the Shadow Cabinet said yesterday.

Although there has been a discernible softening of the Conservative line on wages policy in recent months, Mr. Prior's comments, made during an interview on ITN, go much further than Mrs. Margaret Thatcher or Sir Keith Joseph have in the past.

Mrs. Thatcher has stuck firmly to her view that wage bargaining in the private sector should be left to management and trade unions free from government interference.

But Mr. Prior, with public backing from Sir Geoffrey Howe, the Shadow Chancellor, has backed the Government's attempts to peg wages to the 5 per cent guideline, although both are hostile to the imposition of sanctions to achieve this goal.

Mr. Prior said on ITN's News At One that he thought 5 per cent was "a sensible figure in relation to what the country can afford if we are to bring inflation down to levels competitive with other countries."

But he added that there ought to be some flexibility. And in the case of the Ford dispute there ought to be a productivity deal.

Careful

Asked if there was a danger that employees would expect to get higher pay rises under the Tories Mr. Prior replied: "I am being very careful not to give that impression . . . I am equally careful to give the firm view that a Conservative government would not be able to allow wages just to go rip."

Would this mean that at the end of the road a policy would have to be imposed statutorily? "Not necessarily. I think that may well have to happen under certain circumstances," he replied.

While agreeing that the control of money supply and public expenditure had not been sufficiently appreciated in the past, Mr. Prior warned that there was a danger they could lead to much higher unemployment.

Our Labour editor writes: Mr. Prior's hint that a statutory incomes policy would not be ruled out by a Conservative government will be seized on by union leaders, who have been warning their members not to listen to Tory promises of unfettered collective bargaining.

CONTENTS OF TODAY'S ISSUE

FEATURES

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EUROPEAN NEWS

Italy shows signs of early election fever

BY PAUL BETTS

ROME, Sept. 26.

THE selection of Sig. Flaminio Piccoli as chairman of the Christian Democrat Party to replace Sig. Aldo Moro, murdered by Red Brigades ultra-left terrorists in May, will result this week in the election of a new ruling party chief whip.

One of the favourite candidates to replace Sig. Piccoli in this key position is Sig. Arnaldo Forlani, the Foreign Minister, but the final choice is likely to reflect growing strains within the ruling party. These internal tensions are *not unrelated to the possibility* of a premature general election, perhaps in the late spring.

The assassination of Sig. Aldo Moro has left the Christian Democrats devoid of their one established and unchallenged leader, a position which even his best supporters do not claim can be equalled by Sig. Piccoli, who traditionally has stood right of centre of the party.

On the other hand, Sig. Forlani, a former party secretary-general, has often presented a much more moderate image, although he is seemingly not adverse to trying to take over the mantel of the veteran Right-wing senator, Sig. Amintore Fanfani.

Much of this reflects a degree of early election jockeying within the party. But before such a prospective election, the Christian Democrats and the Communists (PCI), will be holding their party national congresses in early spring.

This unsettling political climate has been exacerbated by a combintion of factors, including the reawakening of the Moro controversy following the recent public disclosure of a new series of letters purportedly written by him during his 55-day-long captivity.

At the same time, the Socialist party, Italy's third political force, is attempting to enhance its influence and has launched an attack against the Communists, questioning the PCI's ideological position.

In turn, the Communists, under pressure from their own grass roots and attack from the other parties, have been forced to harden their position and are once again putting forward the question of their formal and direct participation in government.

On the surface at least, the main parties consider there to be no immediate alternative to the governing formula, in which the Communists and Socialists support a minority Christian Democrat Government. There are already signs, however, of a pre-electoral build-up. Both the Christian Democrats and the Socialists feel they would fare well in a general election.

The Government is also coming under pressure over its long awaited medium term economic programme. Cabinet Ministers are attempting to win party and union support for the programme, scheduled for submission to Parliament with the 1979 provisional budget, before the weekend.

The programme, through a wide ranging reform of public expenditure, aims at laying the basis for sustained and stable growth. It represents something of a credibility test for Sig. Giulio Andreotti's administration. Already Sig. Ugo la Malfa, the veteran leader of the small but influential Republican Party, has warned that his party would drop out of the parliamentary majority should the economic programme be watered down, as on previous occasions.

The International Monetary Fund, which is understood to have postponed, until December, the visit of a review team originally due in Rome this autumn, is also apparently reluctant this time to approve a new $1bn facility until the Government's economic programme gains full parliamentary approval and takes concrete shape.

Kyprianou to propose peace plan

By Giles Merritt

BRUSSELS, Sept. 26.

PRESIDENT Spiros Kyprianou of Cyprus is to outline a new set of peace proposals when he addresses the General Assembly of the United Nations later this week. The plan would involve the disbandment of Greek Cypriot military units and the withdrawal of all foreign troops on the island.

Speaking in Brussels before he leaves for New York tomorrow Mr. Kyprianou claimed that such a plan could provide a rapid solution to the Cyprus problem.

He has been having talks today with Mr. Roy Jenkins, the EEC president, and tomorrow will meet M. Leo Tindemans, the Belgian Premier. Mr. Kyprianou revealed that exploratory talks between Cyprus and the EEC on the second stage of Cyprus's association with the Community are to start next March.

Mr. Kyprianou said his proposals for total disarmament in Cyprus were based on suggestions he first made several months ago. Under his plan the only armed force to remain would be a small police force composed of both Turkish and Greek Cypriots, which would be placed under international control for an indefinite period.

Norwegians favour N-plants

By John Walker

STOCKHOLM, Sept. 26.

A CLEAR majority of Norwegians support the starting-up of two nuclear power stations in the country, according to an opinion poll carried out for the Swedish Federation of Industry. Of those polled, 53 per cent were in favour of the two nuclear plants, while 26 per cent were against and 21 per cent could not make up their minds.

Controversy over nuclear energy led last week to a government crisis involving the three coalition parties: the Conservatives, the Liberals and the Centre Party. The Conservatives and Liberals want to go ahead with the fuelling of the two stations, but the Centre Party insists that the issue of safe storage of nuclear waste must be settled first. The opinion poll predicts that if a national referendum were held now on this issue, 41 per cent would vote for nuclear energy and 37 per cent against.

Reuter adds: A Norwegian Government committee has concluded that nuclear power stations are safe and will recommend that they should be built, a spokesman for the Ministry of Energy and Petroleum said today.

W. Germany drops Social Democrat spy inquiry

BY JONATHAN CARR

BONN, Sept. 26.

THE WEST GERMAN Federal Prosecutor's Office today announced it had dropped investigations of two members of the ruling Social Democrat Party (SPD) who had been suspected of involvement in spying.

The Office made it clear that there was no evidence to substantiate allegations against either Dr. Uwe Holtz, an MP, or Herr Joachim Broudre-Groeger, who is aide to Herr Egon Bahr, the SPD's executive secretary.

Herr Bahr promptly said that the investigations had brought a "clear and expected result" and accused the political opposition of making groundless charges against the pair in an effort to damage the SPD.

Both men were questioned following allegations about spying in Bonn said to have been made by a high-level Romanian defector. Parliament was recalled briefly from summer recess to lift the immunity of Dr. Holtz so that his office and home could be searched—a move supported by Dr. Holtz on the grounds he wished to clear himself quickly of any suspicion.

The affair rapidly widened into a series of sharp exchanges, in which some members of the Opposition raised queries about the SPD's loyalty to the NATO alliance. Conservative newspapers meanwhile came under fire from the SPD for publicising serious allegations about named individuals before proof was available.

The imminence of vital provincial elections is felt to be a key reason for the shrillness of the debate.

Soviet energy saving call

BY DAVID SATTER

MOSCOW, Sept. 26.

WITH SOVIET energy production showing signs of slowing, Pravda, the Communist party newspaper, today urged Soviet organisations and enterprises not to waste raw materials.

In a front page editorial linked to the onset of cold weather, Pravda said that, despite instances in which enterprises saved energy through economic practices, there are many enterprises and construction sites where fuel-energy resources are being used in an uncontrolled manner.

The newspaper said that in the second quarter of this year alone over expenditure of fuel came to 13 per cent in the enterprises of the Ministry of Coal Industry, and more than 10 per cent in factories involved in the production of construction materials.

Pravda said the state has invested a considerable amount in the construction of coal mines, power stations, oil and gas wells and fuel transport and the most rapid way to recoup this investment is to extract raw materials efficiently and "strictly to observe norms and limits in the use of fuel, steam, heat and electro-energy."

The newspaper identified conservation of fuel and energy in the home as an important goal which it said should be pursued as "a massive and [illegible]uitous effort, proceeding [illegible] from instance to instance but constantly and systematically."

The editorial comes amid growing concern that Soviet energy production is beginning to peak as the Soviet Union faces rising costs in tapping remaining raw material deposits in remote regions under climatically hostile conditions.

Soviet oil production rose 5 per cent last year but this was the lowest percentage increase since 1970 and well below the annual average increase since 1960 of 8.1 per cent. There was no improvement on this during the first six months of 1978.

Irish seek North Sea oil

BY BRUCE ANDREWS

THREE OIL companies—from Ireland, Norway and Sweden—have agreed to form a joint ventures to explore for oil in the Dutch sector of the North Sea, according to oil industry officials.

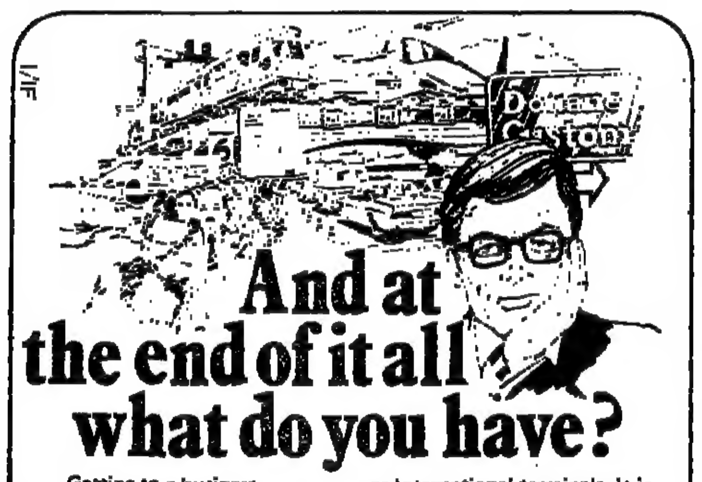
The companies are Aran Energy, Ireland, Saga Petroleum, Norway, and Petroswede, Sweden. It is understood that the first stage of the programme will be a seismic survey in the northern area of the Dutch sector to identify potential oil and gas bearing structures.

Mr. Michael Whelan managing director and chief executive of Aran Energy, confirmed that the three companies had agreed "a joint exploration venture in the southern North Sea." But none of the companies would comment further.

Aran Energy has interests in a number of exploration blocks off the Irish coast. Some 5 per cent of its shares are owned by the Irish Government. It is known to aspire to an international role. Mr. Whelan said the company was looking at a number of oil production prospects abroad, including onshore in the United States, with the object of "getting some Irish-owned oil flowing."

Saga Petroleum is an independent oil operator, with about 90 of Norway's largest companies as shareholders. It has interests in the Norwegian offshore sector and a small stake in the Brae Field in the UK sector. Petroswede is a world-wide oil and gas exploration group, 50 per cent owned by the Swedish Government.

All three companies have filed applications in the fourth Norwegian round of exploration licences, under which seven blocks are expected to be allocated during the autumn and winter.



And at the end of it all what do you have?

Getting to a business appointment at the other end of the country or somewhere in Europe can be a tiring, frustrating and irritating hassle. And at the end of it all you have one or more top executives who have not only wasted valuable hours in transit but are also in a far from ideal condition to negotiate and take decisions vital to the company's future.

Time is money

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UK and Scandinavia try again to end air impasse

BY LYNTON McLAIN, INDUSTRIAL STAFF

BRITAIN AND three Scandinavian countries are meeting in Copenhagen this week to hammer out a new air services agreement after the failure of talks in London last month and in Oslo in June.

The prospect of further failure is viewed with dismay in Whitehall. The present agreement ends on December 31 and failure to resolve the almost total differences of approach between Britain and Scandinavia would mean the end of scheduled air services between Britain and Norway, Sweden and Denmark.

The need for a new agreement was precipitated late last year when the Scandinavians protested about plans by the independent British Midland Airways for regular flights between Birmingham and Copenhagen. This proposal has been abandoned, but the three Nordic countries saw it as a threat to operations by Scandinavian Airline Systems (SAS), the three-nation flag carrier.

The Scandinavians called for a new, tighter agreement, restricting flights to SAS and British Airways on a strictly limited number of routes between major cities.

In total contrast, the British Government wants to expand all scheduled air services to Scandinavia, to reduce fares and to introduce more competition for the national flag cariers from independent airlines. The effect would be to liberate air services between the two areas, enabling passengers to fly to and from a greater number of smaller, provincial towns on a greater variety of air services.

British Caledonian airlines has applied to fly between Gatwick and Oslo, Copenhagen, Gothenberg and Stockholm. Dan Air wants to fly from Gatwick to Bergen, Air Anglia from Edinburgh to Stavanger, and BA from Birmingham to Copenhagen.

Britain has no objection to Scandiavian operators flying the same routes, and a compromise along these lines may be possible. Mr. F. Aasberg-Peterson, a Danish Foreign Ministry official, said the Scandinavian delegation had reviewed the problems and hoped to present a compromise.

U.K. Department of Trade officials, led by Mr. George Rogers, under-secretary, civil aviation international relations division, are prepared to take a tough line against Scandinavian resistance to expansion.

In the year ending last October, the gross revenue for all UK airlines flying to Scandinavia was £36m. Against this, Scandinavian airlines earned £39m for carrying their share of the 1.8m air passengers between the two areas.

The talks are expected to last at least a week, but will have to be recalled if no agreement is reached.

Barre refuses to change course

BY DAVID CURRY

PARIS, Sept. 26.

M. RAYMOND BARRE, France's Prime Minister, has crushed speculation that the string of by-election defeats might cause the Government to soften its economic policies. Indeed, he regrets having already permitted some concessions, notably by increasing the purchasing power of the minimum wage because this has disrupted the earnings hierarchy.

The Prime Minister made this clear when he addressed MPs belonging to the Giscardian UDF centre alliance at a conference near Toulon. "I will stick to my guns and let the country be judge, as it was last time," he said, referring to the Government's victory in the March general election.

M. Barre added: "Grousings, warning shots, traps, guerrilla raids, by-election results where 40 per cent of the electorate does not vote—that will make no more impression on me now than they did before."

MPs attending the conference had to run the gauntlet of workers from the Terrin ship repair yards in Marseilles where heavy redundancy is likely, but M. Barre again refused to adopt an "artificial" employment policy. "We must ensure that France's economic structures are vigorous enough to create healthy and permanent employment. That begins with a policy of economic verity (charging the real, unsubsidised price for goods and services), stability and competitiveness."

M. Barre challenged the parties forming the Government's parliamentary support to buckle down to the task of sustaining the Government and recognising realities.

In an interview for a French radio station, the Prime Minister went out of his way to praise the Gaullists for the support they had given him in Parliament. He has been careful not to identify himself exclusively with the UDF and his personal relations with Gaullist leaders are good.

The prospect of this continuing in the next parliamentary session, during which the Gaullists have threatened to try to push him into reflation to reduce unemployment, has been improved by the Government's surprise decision to build a sixth nuclear-powered missile-carrying submarine.

The Gaullists never accepted the decision three years ago to abandon the sixth submarine and its restoration in the form of the first submarine to be equipped with the new M4 multiple warhead missiles has already been welcomed by M. Jacques Chirac, the Gaullist leader. This in turn has led to suggestions that President Giscard d'Estaing is likely to invite M. Chirac to the Elysee shortly to try to improve relations between the main majority parties.

French trade unions are preparing a national strike of steelworkers against the Government's plans to reorganise the steel industry, Reuter reports. The General Confederation of Labour said in Paris that it feared the Government's plans would lead to large-scale redundancies.

Production at the Solmer Steel Company's complex at Fos-sur-Mer, on the Mediterranean coast has been halted since Monday night because of a strike by 7,000 workers, AP-DJ reports. The strikers are demanding shorter hours and the employment of 1,200 new workers on an extra shift.

$6m Swedish blaze

Ninety million boxes of matches went up in smoke when fire swept through a warehouse in south-west Sweden, Reuter reports from Stockholm. Police said that four fire engines managed to save the match factory next door and nearby residential areas from the flames. The blaze destroyed three weeks' production of matches worth around $6m.

Gibraltar builds 180-yacht marina

Work is under way on the construction of a yacht marina project at Gibraltar costing an estimated £5.5m. When completed, the marina will accommodate some 180 yachts up to 120 feet in length, Joseph Garcia writes from Gibraltar. A shore development on land reclaimed from the sea will include 200 flats.

Yachting to Gibraltar is growing and an average of ten yachts arrive each day, making use of an existing marina and berths in the commercial port.

Mr. William White, managing director of the project, said the first phase of the shore development will begin shortly. The marina should be ready for next summer.

Varley in bid for Airbus compromise

By Robert Mauthner

PARIS, Sept. 26.

MR. ERIC VARLEY, British Industry Secretary, arrived here tonight for what is seen in Paris as a final attempt by the UK and France to reach a compromise on the terms for British participation in the European Airbus consortium.

The meeting between Mr. Varley and M. Joel Le Theule, French Transport Minister, arranged at short notice at the invitation of the French, follows hard on talks which the French Minister had with his German opposite number in Bonn last week.

According to French sources, France and West Germany, which until recently still disagreed on the terms to be offered to the UK, now have a common position.

The main sticking point in the negotiations, so far, has been the French demand that, as part *of the entry price*, British Airways should place orders for the Airbus, either in its old version or the planned new 200-seater A-310 airliner.

British Airways has said that it has no requirement for the Airbus at the moment. The British Government has made it clear it cannot put pressure on the airline, which has based its decision on commercial considerations.

After the Franco-German meeting, it appears that the French, who are anxious for political, industrial and financial reasons to see British Aerospace join the European consortium, have dropped their original demand for British Airways orders.

Despite official denials, it seems that the recent order by the privately-owned airline Laker Airways for nine Airbuses has helped soften the French position.

The West German Government has also clearly gone out of its way to persuade the French to adopt a more conciliatory stand.

In return, it is understood that France may require either a higher British financial contribution to the development of the new A-310 Airbus than the £50m so far offered, or a much firmer guarantee of the UK's long-term commitment to joint European civil aircraft projects.

Fears have been expressed here that the UK might soft-pedal future European projects, so as not to compete with U.S. aircraft equipped with British engines. The French might, therefore demand that British Aerospace should not be allowed to exercise a veto within the consortium, though this seems unlikely to be accepted by the UK.

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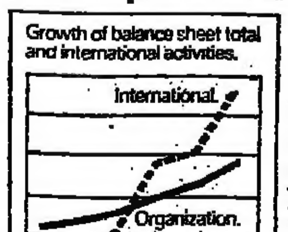

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EUROPEAN NEWS

SPAIN

Two tough decisions facing Suarez

BY ROBERT GRAHAM

MADRID, Sept. 26.

THE POLITICAL timetable for the next year and beyond is the subject of intense discussion and lobbying both among the main political parties and their leaders.

At the heart of these discussions are two separate but interrelated issues—how does the Government obtain approval for tougher controls on wages and inflation yet seek to end the deep recession; and when should the Government hold general elections.

In neither instance is the Government free to act as it wishes, and must take account of the strategies of the main opposition parties, the Communists (PCE) and the Socialists on the Left, and Alianza Popular on the right.

The need to agree on a new economic policy arises because the political and economic measures, known as the Moncloa pacts, accepted last October by the main opposition parties, are due to expire—or rather the continuance of the broad lines of the pacts is dependent upon renewal of the approval of the Communists, Socialists and Alianza Popular plus the acceptance of both representatives of the employers and the unions.

Last year management and labour representatives were not included in discussions on the pacts.

The need to establish a timetable, albeit flexible, for general elections is being forced on the Government because of the constitution. By mid-October both Houses of Parliament are expected to have approved the final text of the new constitution which will be submitted to the nation for a referendum.

If approved, perhaps at the beginning of November, the status of the Government will change. Though democratically elected in June, 1977, the Suarez administration and his Union de Centro Democratico (UCD) party are in power in a transitory capacity. The Government was elected without a constitution functioning and the various powers of Parliament and the monarchy were not constitutionally defined.

It has been generally accepted that Spain would only become truly democratic once the constitution was approved and new elections held.

The view of the Communists on these two issues is straightforward. They favour a renewal of the Moncloa pacts, though in slightly different form. They would like to see a continuation of consensus politics to consolidate democracy, which would involve a three-year agreement on a series of political and economic reforms with general elections held towards the end of this period.

The party wants to avoid an economic agreement limited to wage and price controls. Wage restraint is only acceptable to it on a wider trade-off against improvement of the social security system, special aid to combat unemployment, further streamlining of the public sector, and a definite date for municipal elections which should have been held last winter.

The Socialist Party has not yet announced a firm policy, suggesting internal divisions and indecision over how best to play its hand. Nevertheless, Sr. Felipe Gonzales, the party leader, has indicated his reluctance to renew the Moncloa pacts.

At best, the Socialists say they would accept a renewal of the pacts for one year with a firm commitment to general elections in 1979.

This general strategy reflects the increasing eagerness of the leadership to make a bid for power, based on a belief that UCD's popularity has slipped and that the Socialists can obtain a Parliamentary majority. It also reflects the feeling that the longer elections are delayed, the more UCD is likely to fragment, producing a new Centre/Centre-Left grouping of a social democrat complexion.

Alianza Popular's leader, Sr. Manuel Fraga, reluctantly accepted the pacts last year and has shown no enthusiasm for their renewal except under a government of "national concentration" with a premier chosen by the King which would pave the way for early general elections.

Sr. Adolfo Suarez has to steer a course somewhere between all these views. He knows that any economic policy must contain tighter wage curbs, and that this can only be carried out with the approval, tacit or explicit, of the Left. He also realises that in the municipal elections his UCD would fare badly, losing votes to the Socialists in particular.

That would almost certainly mean a vote in early spring making attempts to arrange a new economic pact virtually worthless. Under these circumstances, Sr. Suarez might try to put together a consensus on the Moncloa pacts by playing on Communist concern to consolidate democracy and making it difficult for the Socialists to opt out.

For differing reasons, both the Communists and UCD want to postpone general elections for as long as possible.

TURKEY

A 'lone wolf' challenges Demirel's leadership

BY METIN MUNIR IN ANKARA

THE FORTHCOMING battle for the leadership of Turkey's main opposition Justice Party (JP) may be decided by the fact that the challenger Senator Kamran Inan is of Kurdish descent and is married to a foreign wife. Political observers in Ankara believe that these two factors may prove his undoing when he contests the leadership of former Prime Minister Suleyman Demirel at the JP convention in October.

The Turkish masses still look upon foreigners as "infidels." Mrs. Inan adopted Islam and Turkish nationality five years ago and speaks fluent Turkish but this will hardly help her husband. Mr. Inan the present Minister of Culture was recently attacked in the Turkish parliament by Opposition spokesmen for being married to a French woman.

Turkey has the largest Kurdish minority in the world, an estimated 6-8m out of the population of 42m occupying the poor uplands in eastern Turkey close to Syria, Iraq and Iran.

Senator Inan was born in Bitlis, one of the most mountainous and backward provinces in the Turkish east, at the village of Gayda which has been owned by the Inan family for over two centuries. The family claims descent from the prophet Mohammed and is the head of a large Kurdish clan.

In 1937, when he was eight, the Inan family was banished to Bursa, Turkey's St. Moritz, after an unsuccessful Kurdish uprising in the area. "It was fortuitous for me," says Mr. Inan, "because I had the opportunity to study. There was no school in my village and hardly any in the province."

Mr. Inan rarely went back to the east after that. He studied law in Ankara and obtained a doctorate in Geneva where he met and married his Swiss wife. He then joined the diplomatic service becoming an ambassador and NATO spokesman in Brussels. In 1973 he suddenly quit the service and joined the JP becoming Bitlis senator that year.

He said that he decided to enter politics after a holiday he spent in the east when he was appalled by the poverty. "I had a choice of living in comfort abroad or living in discomfort like everybody else in Turkey and doing something for my country," he said.

A man of average height with greying hair and a prominent hooked nose, Mr. Inan has always been a lone wolf in the JP. Soon after being elected he became Turkey's most prominent senator, his statements and pictures frequently appearing in the Press.

Mr. Inan was elected to the JP executive Board and was chairman of both the Senate

Mr. Suleyman Demiral

Foreign Relations Committee and the Turkey-EEC Joint Parliamentary Group. Speaking fluent French, German and English, he has travelled widely on behalf of the Government lobbying against the U.S. arms embargo and for better Turkish-EEC relations. Last year he briefly served as Minister of Energy.

Mr. Inan, who neither drinks nor smokes, has officially entered the race for the JP chairmanship. Sources close to him say that he believes he has 500 of the 1,500 delegate votes and "the rest are open for battle."

Mr. Inan's success or failure is bound to have significant implications for both the JP and the splintered Turkish Right-wing in general. If he succeeds, Mr. Inan may inject new blood to the JP and give the party a new image, replacing Mr. Demirel's hidebound laissez-faire ideology with a modern one closer to those of the Western European Conservative parties.

HOLLAND

Study challenges the Dutch reputation for tolerance

BY MICHAEL VAN OS IN AMSTERDAM

THE WIDELY-HELD view of the Dutch—that they are tolerant, accommodating, and hospitable towards ethnic minorities—no longer holds true, a study by a group of cultural anthropologists at Utrecht University has revealed. The group has maintained "unequivocally" that people from Surinam and guest workers from the Mediterranean countries are discriminated against demonstrably."

Dr. Frank Bovenkerk initiated the investigation, the results of which have been published in a book called "Omdat ze Anders Zijn" (Because They're Different). The South Moluccan minority group was specifically excluded from the study, he said, because the emotions aroused by their terrorist acts in the past might have invalidated the study. But the book gives no indication of to what extent people's behaviour towards coloured groups among the population may have been influenced by South Moluccan actions.

Foreign workers and Surinamese are found to be discriminated against in their search for employment and housing. "It appears that racial discrimination is much more widespread in Holland than I had expected," Dr. Bovenkerk said. The country's reputation for tolerance had been built up in the 1950s, after the successful assimilation of the Indonesians, he added, but with the arrival of new immigrants the picture changed.

In the police force and in the trade union movement discrimination is also in evidence, although "Dutch policemen do not discriminate more than the average Dutchman."

The investigators' method was one rarely used in the social sciences, which normally employ the polling system. Since racial discrimination is still so "embedded in the taboo sphere" in Holland, however, the team felt that it could not reasonably expect honest answers from the people questioned.

It therefore used the sociological field experiment method, in which the investigators tried to get as near as possible to real conditions by sending Dutch-speaking Moroccans, Tunisians and Surinamese to apply for jobs and housing. Shortly afterwards, (white) Dutchmen of similar age, appearance and education were sent. The experiment was carried out nearly 300 times in Amsterdam.

This method produced abundant evidence of "systematical discrimination," the investigators found, and the discrimination was often confirmed in discussions which they had afterwards with employers and house owners. It was also found that in Amsterdam, for example, coloured people usually ended up living in the least attractive areas of town.

The Utrecht investigators confirmed the findings of an earlier Justice Ministry inquiry that coloured people are more often stopped in the street by police, taken to the police station for questioning and that policemen were generally less friendly and more condescending to them. It was also discovered that white Dutch citizens and Surinamese (who are Dutch citizens) will avoid sitting next to coloured Surinamese in public transport and that transport officials treat coloured Surinamese less courteously than whites.

In the trade union movement, the investigators reached the "cautious conclusion" that union leaders appear to be under pressure from their rank and file to insist whenever possible on the return home of Mediterranean guest workers.

Dr. Bovenkerk ends his book with a few suggestions to combat racial discrimination in Holland: A race relations Board should be set up, in the judicial sphere the anti-discrimination law should be applied more effectively, more attention should be paid to the education of foreigners and more neighbourhood activities should be organised to promote contacts.

OVERSEAS NEWS

Britain and Australia agree on need for reduced air fares

BY LYNTON McLAIN

BRITAIN and Australia have reached a broad measure of agreement on future plans for lower air fares between the two countries, the Trade Department said in London yesterday.

The announcement came as Mr. Peter Nixon, Australia's Transport Minister, was preparing to outline his Government's new civil aviation policy to the Australian Parliament today.

Officials in Canberra said the two countries had reached an understanding on cheaper fares for flights between Australia and Britain. Details have still to be worked out and no formal declaration of fare levels is expected for some weeks.

Britain's Trade Department said that there was still a long way to go on specific fare levels and on other issues. But both Governments had agreed that lower fares between the two countries were desirable and steps would be taken to try to encourage a reduction in existing fares.

The news of the agreement comes after protracted negotiations between Britain and Australia since last year.

The next step will be for Mr. Nixon to visit London in a few weeks time when specific fares will be discussed with the Trade Department. Once full agreement has been reached, individual airlines will have to apply for licences to Britain's Civil Aviation Authority and the Australian Civil Aviation Agency.

When agreement is reached it may call for a reduction of up to a third in fares between London and Sydney, bringing the return fare down to about £330.

Mr. Nixon is also expected to report to the Australian Parliament on a proposal for new fares across the Pacific. These rates are the subject of talks with U.S. aviation officials.

The Minister may comment on prospects for fare levels on flights between Australia and Japan, but it is not thought that reductions have been proposed for these routes.

CHINA'S RELATIONS WITH HONG KONG

Reasons for confidence

BY MELINDA LIU IN HONG KONG

CHINA'S INCREASING openness and growing trade with the rest of the world is watched particularly keenly in Hong Kong, the position of which partly depends on its continued usefulness to Peking. If the mainland deals directly with foreign businessmen, the importance of the colony could decline proportionately.

But two recent moves suggest that such fears are misplaced. The first was a statement that despite China's belief in the "superiority of the socialist system," Peking no longer denies the achievements of capitalism.

It was made by Chi Feng, a representative here of the New China News Agency, which functions as the mainland's "closet embassy" in the territory. He acknowledged that the communist-led, anti-British riots which rocked Hongkong in 1967, alarming foreign capital, were a mistake that must never be repeated.

Even more concrete evidence was provided by the recent decision by Kiu Kwong, one of Peking's state-controlled investment companies here, and Sun Company, also thought to have close Peking ties, to allow two leading Hong Kong companies, Hongkong Land and Jardine Matheson, as minority equity partners in a property venture in the New Territories.

This is the first joint venture of its kind. Moreover, the increased willingness of a well-established Western company such as Hongkong Land to become involved in major projects in the New Territories is further reason for confidence, for the future of the New Territories is a major question mark over Hong Kong.

The New Territories form most of Hong Kong's land area and include its main industrial areas and reservoirs. The area was ceded to Britain for 99 years in an 1898 lease.

But with the hypothetical expiry only 19 years away, the present Peking regime continues to ignore the lease, arguing that it was signed by the 19th century Chinese Imperial Government and therefore is not recognised by the socialist leadership.

The ambiguous status of the lease has not been ignored by foreign companies considering or already involved in costly New Territories projects due for completion in or after the mid-1980s. While the tripartite silence hitherto maintained by Peking, Hong Kong and London officials has been seen to mean no news is good news, alone it hardly instilled confidence in legalistically-oriented Western businessmen, who imagine a vestigial spectre of the 1967 violence haunting future prospects for Hong Kong's investment scene.

Nevertheless, Chi Feng's statement and the tacit economic hints Peking has let fall in profusion since the ascent of the current pragmatic regime in late 1976 carry the unmistakable message that what is good for Hong Kong is good for China.

The approaching expiry of the lease on the New Territories is a factor which potential investors in Hong Kong must increasingly take into account. But Peking is as aware of the problem as London or the territory's own administration and is indirectly giving assurances about Hong Kong's continued usefulness.

Even during the worst of times, the China-Hong Kong relationship has involved a steady export flow of Chinese food, water, consumer goods and petroleum fuel to the British colony—to the tune of nearly $1.5bn in 1977. An additional capitalist bonus has been China's $1-2bn intake in the form of remittances sent by Overseas Chinese to relatives in China and return on capital investments in Hong Kong.

The most convincing evidence of Peking's continued commitment to good times in Hong Kong is its mushrooming profile in the colony's investment scene. By the beginning of this year, Peking-controlled interests here held an estimated $2bn worth of property investment.

In March and April alone, Peking paid an estimated $40m for land and business property, including a million-plus square foot lot slated for construction of Hong Kong's largest shipyard. Ironically, many of Peking's recent purchases are in the New Territories. China's unabashed acquisition of land it technically claims to own already has triggered some tongue-in-cheek speculation that the lease issue is irrelevant since China will have bought the New Territories outright by 1997.

China also dabbles in an enormous range of activities in Hong Kong, including banking, insurance, industry, transport wholesale and retail facilities advertising warehousing and cold storage.

It seems premature to speculate, however, that Western minority participation in joint venture with Peking interests offers the magic formula to resolve the question of the new territories lease.

More likely, Peking will continue to quietly increase its commercial involvement in the colony. For months China has explicitly encouraged its 13 foreign exchange banks in Hong Kong—which already control about one-third of the $12.5bn in total bank deposits here—to offer the same services that other financial institutions in Hong Kong perform, including stock-market dealings.

Peking is drawing increasingly on the considerable pool of commercial expertise in Hong Kong to enhance, or even take responsibility for constructing, hotel and export facility projects in China.

The border town of Shumchun, just across the line from the New Territories, has already been designated a special export-oriented area and rumours suggest it may be considered for the site of a large-scale, export-processing zone.

Major resort projects are slated for Shumchun and another area just across the border will involve simplified entry and exit procedures. These developments, and the anticipated start of ferry and passenger air services between the two sides will render the border increasingly permeable. In 1997, China could easily ignore the expiry of the New Territories lease, just as it has ignored the lease itself.

WHY DOES IRELAND HAVE THE LOWEST MANUFACTURING COSTS IN THE EEC?

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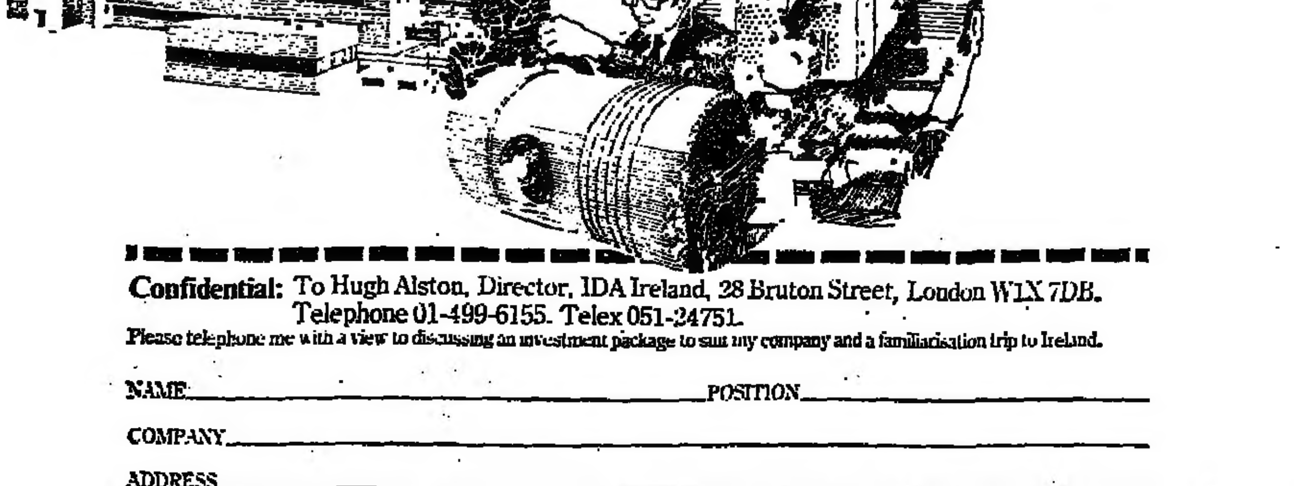

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OVERSEAS NEWS

Assad flies for talks with Hussein

BY OUR FOREIGN STAFF

PRESIDENT HAFEZ ASSAD of Syria flew to Amman yesterday accompanied by a high-level delegation for Middle East talks with King Hussein. According to diplomatic sources in Damascus Mr. Assad was most interested in comparing notes with King Hussein on the talks which each of the two leaders had had with Mr. Cyrus Vance, the U.S. Secretary of State, during his recent tour of Jordan, Saudi Arabia and Syria.

He was also expected to explain to the King decisions taken by a summit meeting of those Arab leaders most opposed to President Sadat of Egypt in Damascus last week to counter the Camp David agreements which Mr. Sadat signed with Mr. Menahem Begin, Israel's Prime Minister.

The anti-Sadat summit of the "steadfastness and confrontation front," comprised Syria, Algeria, Libya, South Yemen and the Palestine Liberation Organisation (PLO).

King Hussein has refused to endorse the Camp David agreements, and the visit of Mr. Vance to Amman produced no tangible change in Jordan's position.

But the King also has turned down an attempt by Colonel Muammar Gaddafy the Libyan head of state and Mr. Yassir Arafat the PLO leader who met him unexpectedly at an airbase in north Jordan, to attract him into the hardline camp, and Mr. Assad is not expected to press the King on this.

After Jordan, Mr. Assad will go to Arab oil capitals to brief their leaders on the hardline decisions. Colonel Gaddafy and President Houari Boumedienne of Algeria will tour Islamic and non-aligned countries for the same purpose.

King Hussein himself is expected to embark on an Arab tour later this week to explain his own position.

But probably the two leaders' most urgent task is to seek ways of ensuring some kind of a solution to resume peace negotiations on their own, so to achieve Israel withdrawal from the West Bank and the Golan Heights since the Camp David agreements have remained vague on these issues.

Egypt meanwhile will start peace negotiations with Israel as soon as the Israeli Parliament approves the withdrawal of Jewish settlers in the Sinai, the semi-official newspaper Al-Ahram said yesterday.

Mr. Sadat announced on Monday that Egypt was opening direct contact with Israel in preparation for negotiations. Al-Ahram, referring to the current debate in the Israeli Knesset on the accords, said: "This will be a real test for the chances of peace and war."

The newspaper also said Egypt was awaiting a message from President Carter relating to Jewish settlements on the West Bank.

Egypt and Israel have made differing statements on the problem, with Mr. Begin saying he had agreed to a freeze of only three months on the establishment of new settlements, while the Egyptians and Americans understood the moratorium was for five years.

The Israeli Parliament is facing a crucial vote on the Camp David agreements, the outcome of which could undermine the stability of Mr. Begin's Government. Intensive political discussions were being held yesterday as the various parties decided whether they would approve or reject the accords.

Mr. Begin seems assured of a sizeable majority in the Knesset vote either today or Thursday in support of the agreements, despite reservations by many members of the question of evacuating the settlements in Sinai.

Meanwhile, Egyptian Deputy Premier Hassan Tuhami arrived yesterday in Geneva for talks with King Khaled of Saudi Arabia on the Camp David agreements.

West considers Namibia strategy

BY OUR OWN CORRESPONDENT UNITED NATIONS, Sept. 26.

AFTER A DELAY of nearly a month since proposals for a United Nations operation in Namibia were published, the Security Council began preparations today to endorse the plan.

Dr. David Owen, Britain's Foreign Secretary, Mr. Cyrus Vance, U.S. Secretary of State, and the Foreign Ministers of France, West Germany and Canada, who are in New York for the UN General Assembly, conferred on strategy last night.

They decided to summon to New York for consultations the five nations' ambassadors to South Africa. The envoys are expected to arrive on Thursday and to provide an assessment of what chances, if any, remain for South African acceptance of the settlement plan drafted by the five Western states.

When he announced his retirement last week as Prime Minister of South Africa, Mr. John Vorster rebuffed the UN by declaring that his Government would go ahead with its own arrangements for pre-independence elections in Namibia. The main element of the Western plan was a proposal that the UN should supervise and control the elections.

In his August 30 report on the question, Dr. Kurt Waldheim, the UN secretary-general, estimated that 7,500 UN troops, 350 civilian police and a civilian team of about 1,200 would be needed, at a cost of $300m, to carry out the operation.

The Western group and the African states were in agreement today that the best course now is to move quickly to Security Council approval of the proposals and to call on South Africa to co-operate in their implementation. Security Council approval is expected by the end of the week.

The African states want the council to go further and to declare that South Africa's refusal to co-operate would constitute a threat to international peace and security, requiring the consideration of enforcement measures, including sanctions.

A number of possible draft resolutions have been passed round in the form of working papers for discussion by delegates. In at least two of these it is proposed that the council should meet again on October 5 if South Africa has not given a satisfactory response by then.

None of the Western members of the Security Council is yet talking publicly about sanctions against South Africa. Mr. Ivor Richard, the British representative, pointed out that South Africa had yet to chose a new Prime Minister, implying that a change of heart in Pretoria was still possible.

Mr. Don Jamieson, the Canadian External Affairs Minister, said in an address to the General Assembly today that South African defiance of the international community would not be tolerated.

Vorster's parting shot, Page 16

OPEC counts cost of dollar fall

The decline of the dollar and world inflation have wiped 30 per cent off the revenues of member-states of OPEC (the Organisation of Petroleum Exporting Countries) in the last 21 months, Kuwaiti Oil Minister, Sheikh Khalifa Al Sabah, said in an interview with the newspaper Al-Bilad, Reuter reports from Jeddah.

The Minister was quoted as saying that OPEC members had lost 15 per cent of the value of their oil revenues through the depreciation of the dollar and 15 per cent through rising inflation since the organisation's last meeting in Doha in December, 1976.

The Sheikh said pricing oil in terms of a basket of currencies was one of a number of proposals submitted to protect OPEC revenues.

Saudi Arabia has resisted the idea of switching away from the dollar as the currency in which oil is priced for fear of the possible impact on the U.S. currency and the country's own huge dollar investments.

Martial law in sixth of Rhodesia

BY OUR OWN CORRESPONDENT SALISBURY, Sept. 26.

SPECIAL COURTS MARTIAL set up under the martial law regulations will be empowered to impose the death sentence for acts of terrorism in martial law areas. A Government gazette has designated seven groups of areas, mainly tribal trust lands, where martial law is in effect.

The areas range from the Umngwe Tribal Lands in the North where Nkomo guerrillas shot down an Air Rhodesia Viscount early this month to the urban centres of Umtali and Fort Victoria. About a sixth of the country seems to be affected by the martial law proclamation.

Mr. Ian Smith, the Prime Minister, has described the regulations as modified martial law and the civil authorities will continue to operate as before. But the regulations will give the security forces a freer hand to restrain acts of terrorism.

Legal representation is provided for but there is no appeal against sentence to higher courts. Court hearings may be in public or in camera. Where certain sentences, particularly the death sentence, are imposed they will be subject to a review authority.

Reuter adds: Mr. Smith left here today for Durban, where he is to be guest speaker at a banquet tomorrow. It is considered unlikely that he will use the trip for political talks, especially as the South African Government has yet to choose a new Prime Minister to follow Mr. Vorster.

The last high-level talks Mr. Smith is known to have had with the South Africans were in August, when Mr. Pik Botha, the South African Foreign Minister, flew to Salisbury and met leaders of the Transitional Government.

An explosion damaged a civil service office complex in Salisbury today but no one was injured. Police said the blast was caused by a hand grenade planted close to a wall.

China wants to buy ships

ATHENS, Sept. 24.

CHINA'S INTEREST in expanding its merchant fleet was expressed by Mr. Huang Hua, the Chinese Foreign Minister during a visit to Hellenic Shipyards, Greece's largest shipbuilding facilities owned by shipping magnate Mr. Stavros Niarchos.

The yards, near Athens, were the only industrial plant visited by Mr. Huang during his four-day official visit to Greece. He was taken on a tour of the yards by Mr. Niarchos himself.

Informed sources said the Chinese are interested in buying dry cargo vessels of up to 60,000 gross tons. Mr. Niarchos told Mr. Huang Hua he hoped Hellenic Shipyards will be getting some of the business, including repair jobs for China's existing fleet.

The tour of the yards included a preview of the first of six 400-ton fast missile-carrying gunboats being built for the Greek navy. The 56-metre long gunboats are being built under licence from France's Constructions Mechaniques of Normandie of Cherbourg, builders of the Combattante III-B missile boat.

Strike averted in Sri Lanka

By Mervyn de Silva

COLOMBO, Sept. 26.

THE GENERAL STRIKE on Thursday by 17 major trade unions controlled by opposition parties has been called off. Though it was to be only a one day strike the Government regarded it as the first serious challenge on the labour front since President Julius Jayawardene took power last year and adopted a tough stance towards the unions.

State employees were threatened with instant dismissal and private sector employers were also persuaded to issue similar warnings. The Labour Minister also said Government might rush emergency regulations through parliament.

The Government's success in getting the strike called off will give a major boost to its programme to attract more private investment and put through unpopular policies recommended by the IMF to cut welfare subsidies. President Jayawardene is seeking to attract foreign investment for a new free trade zone near Colombo.

AMERICAN NEWS

Koch warns of more cuts in New York City budget

BY STEWART FLEMING NEW YORK, Sept. 26.

FURTHER SEVERE Budget cuts will have to be implemented over the next four years in order to reduce New York City's deficits, Mr. Edward Koch, the mayor, has warned.

In submitting a revised four-year fiscal plan for the city, Mayor Koch said New York may have to close some municipal hospitals and lay-off more workers to reduce the projected $400m (£200m) Budget gap for the fiscal year 1980 which begins next July.

The mayor has already imposed a freeze on city hiring and promotions as a first step towards closing the $149m gap that has emerged in the current $13.5bn New York City budget.

The city is blaming cuts in Federal and State aid for part of the emerging deficits.

These in turn reflect in part the national climate which has turned against heavy local government spending financed from local tax revenues boosted by inflation.

Property taxes in particular, were based on market values of homes, have come under attack.

Since its financial crisis first plunged the city to the brink of bankruptcy in 1975, New York City has been cutting back sharply on services as well as personnel.

Now some city officials say services have been pared to the bone and the main thrust of new economies will have to be reductions in staff levels.

Some projections suggest a further 24,000 lay-offs over the next four years.

Carter loses machinists' backing

BY JOHN WYLES NEW YORK, Sept. 26.

IN A significant reflection of organised labour's disappointment with the Carter Administration, the 927,000-member Machinists and Aerospace Workers Union, one of the biggest in the U.S., has withdrawn its support for President Carter in the 1980 Presidential race.

The union is led by one of the most Left-leaning of U.S. labour leaders, Mr. William Winpisinger. But its move cannot be seen as presaging a collapse of support for the President in the movement as represented by the American Federation of Labour-Congress of Industrial Organisations.

In a long letter to the White House accusing Mr. Carter of succumbing to the "Nixonian ethic," Mr. Winpisinger develops themes which have appeared recently in speeches of other influential labour leaders, notably Mr. Douglas Fraser, president of the United Autoworkers.

The unions are extremely disturbed by what Mr. Winpisinger terms "the feebleness and irresolution" of the President and Congressional leaders in the face of determined business lobbying against the Labour Law Reform Bill, national health insurance proposals, and in favour of natural gas deregulation.

Mr. Winpisinger accuses the Carter of speeches delivered to the machinists' convention in 1976 and elsewhere in which as a candidate, the President pledged full employment

Yet, he says, in office Mr. Carter was instrumental in "gutting" the Humphrey-Hawkins Bill devoted to achieving full employment and balanced growth.

Mr. Winspisinger accuses the President of staying his hand in support of labour law reform and of backtracking completely over the natural gas deregulation issue.

Todd Shipyards plans appeal

NEW YORK, Sept. 26.

TODD SHIPYARDS Corporation is appealing over the dismissal of its lawsuit against the U.S. Navy Military Sealift Command and numerous other defendants, it said today.

The lawsuit arose out of significant changes and delays directed by the owner group during the construction of four tankers completed in 1974-75 at its Los Angeles division for Marine Vessel Leasing Corporation (MVLC).

The construction came under a "build and charter" programme sponsored by the Military Sealift Command.

The Federal District Court in Los Angeles dismissed the lawsuit ruling that Todd was contractually required to arbitrate its $120.6m (£60m) claim against MVLC—the conduit used by the Military Sealift Command for the construction of these vessels financed by private investors.

Under the contract which Todd claims was breached, the Navy may disavow the arbitrator's award and require Todd to relitigate its claims against the Navy before the Armed Services Board of Contract Appeals.

Todd is carrying this claim on its books for $7.2m

Notice of appeal was filed in the U.S. Court of Appeals for the Ninth Circuit. Todd indicated that it will file appropriate motions to expedite the appeal.

AP-DJ

New bid to hold hospital costs

BY DAVID BUCHAN NEW YORK, Sept. 26.

BUOYED BY his dramatic rise in the opinion poll ratings since the Camp David Accords, President Carter has decided to make one last pitch to get Congress to pass his proposal to hold down hospital costs, before it goes into recess next month.

Only a week ago, the President conceded publicly that the proposal was virtually dead.

Consumer price figures released today showed that general medical costs rose 0.9 per cent last month, well above the average 0.6 per cent increase.

President Carter has now called for an "all-out" effort on the Bill which the Administration claims would save the Government $19bn, and Americans in general $60bn between now and 1983.

President Carter is set to press his case later today to some 250 public health and private health insurance officials

But even supporters of the legislation, like Senator Edward Kennedy, chairman of the Senate Health Subcommittee, do not rate its chances this year very highly.

Quebec 'benefits from federation'

BY VICTOR MACKIE OTTAWA, Sept. 26.

QUEBEC IS MUCH more dependent on the other nine provinces in Canada than they are on Quebec when it comes to selling manufactured goods, according to an economic study issued by Mr. Marc Lalonde, Federal-Provincial Relations Minister.

The present power structure in Canada is of greater benefit to Quebec than to any other province, the study adds. Quebec also benefits from the recent imposition of quotas on imports of clothing and footwear.

Canada could cut the cost of shoes, clothing, furniture and other manufactured goods all protected by tariffs if Quebec decided to separate, it adds.

The report, entitled Trade Realities in Canada and the issue of Soverienty Association, examines inter-provincial trade in manufactured products and the consequences for this element of the economy in the event of Quebec withdrawing

The key relationship, it found, is not between Quebec and Ontario but between Ontario and the western and Atlantic provinces. A new Canada of only nine provinces would mean a fundamental realignment of interests among the regions and result in a very different relationship between Ontario and Quebec.

The document, issued by Mr. Lalonde for the Federal Government, is the latest release in the propaganda war between the Federal Government and the Quebec provincial Government.

TOBACCO INDUSTRY

Smoke gets in their eyes

By Maurice Irvine in Los Angeles

OVER THE past decade, 33 U.S. states and more than 230 cities and counties have passed laws barring, or restricting, smoking in public places ranging from buses and lifts to hospitals, museums and places of work. Now a new Californian referendum (Proposition 5) is to provide a big test of the tobacco industry's drive to stop the rot and restore smokers' rights.

"The industry is facing a major challenge," commented a tobacco trade journal recently. "The seemingly unstoppable proliferation of prohibitive measures against the smoking public must be stemmed." Towards that goal, tobacco companies are spending more than $6m—much of it on radio and television advertising—in an effort to defeat Proposition 5.

The stakes are high. Mr. William Hobbs, chairman of Reynolds Tobacco, believes that current efforts by well-organised anti-smoking groups would seriously curtail use of the weed. "And if they caused every smoker to smoke just one less cigarette a day, our company would stand to lose around $92m in sales annually. I assure you we don't intend to let that happen without a fight."

Reynolds along with a coalition of other tobacco firms is, however, facing powerful opposition. GASP—the California Group Against Smoking—has the backing of such august bodies as the California Medical Association, the American Cancer Society, the Parent-Teachers Association (PTA), the Sierra Club, and others.

What is more, polls suggest that the Californian public is in favour of Proposition 5, which collected twice the required number of petition signatures needed to place it on the November 7 ballot. The lead is not large—between 5 to 8 percentage points — but it has remained fairly steady throughout six months of rancorous argument on the issue.

In essence, Proposition 5 would outlaw smoking in almost every workplace and enclosed facility open to the public, with a few specific exceptions—bars, poolhalls, and arenas "when used for rock concerts or professional boxing or wrestling matches." Smoking in restaurants and private offices would be restricted and violators could be arrested and fined.

Mr. Tim Moder, executive director of GASP, sees his group as an environmental David certain to defeat the tobacco industry Goliath. Not that he wants to stop anyone from smoking. "Let them smoke 60 packs a day. We are simply trying to restore a civil liberty taken from us 60 years ago by cigarette manufacturers. And that's the right to clean air."

Tobacco smoke in public is, he claims, not only a nuisance but a health hazard against which the non-smoker has no means of defence. "People must breathe, and if smoke is there, they must inhale it."

The opposition to "5," under an umbrella title of "Californians for Common Sense," includes an alliance of labour leaders, stray politicians of both Left and Right-wing persuasions, and half a dozen major tobacco firms, members of the Tobacco Institute, which is basically the industry's lobbying force in Washington.

A spokesman for the group deplores the efforts of anti-smokers "to force everyone into their way of thinking," and wonders if any of them is old enough to recall the disastrous Volstead Act and "the infamous 18th Amendment." "Proposition 5 is another step down the road towards Big Brother government," says Mr. Houston Flournoy, the Republican candidate who narrowly lost to Gov. Jerry Brown of California in 1974. "It would cost taxpayers millions of dollars in new police and court costs and burden California business with the expense of constructing smoking and non-smoking areas for their workers."

A study by a public relations firm, hired to run the drive against Proposition 5, claims that the measure would cost taxpayers $43m in its first year of operation. The people at GASP respond that, on the contrary that "5" will save California government $49m, and private industry in the state $129m annually, "due to a decrease in medical costs of illness and sick-leave, and property loss in smoking-caused fires."

Los Angeles police believe the law would be virtually impossible to enforce. Berkeley, across the bay from San Francisco has in fact had such a city ordinance for almost a year, and to date no one has been arrested or fined the required $50.

Mr. Moder smiles. "But smoking has been reduced in public. Peer pressure is seeing to that. Now, in Berkeley, we have the law on our side." What puzzles many Californians is why there should be so much to do over the right to smoke when millions are choking—some of them to death—on their city smog.

In the second of two articles on Nicaragua, JOSEPH MANN profiles the head of state General Anastasio Somoza.

I'm not going and they're not going to make me leave

IN THE middle of the bloodiest social upheaval in Latin America today is Gen. Anastasio Somoza. As President of Nicaragua and commander-in-chief of its armed forces (National Guard), he is fighting for his political life and the maintenance of a family-controlled Government which began when his father was appointed head of the Nicaraguan National Guard in 1933.

Arrayed against Gen. Somoza are left-wing guerrillas and other rebels in civil revolt, plus representatives of every hue of political opposition, businessmen, the Catholic Church, workers, the wealthy and virtually every other sector of Nicaraguan society. While divided on practically everything else, the opposition has come together to demand an end to the Somoza dynasty, the resignation of the President, and the installation of an interim "national government" which would call elections for a new president.

In response, the general has told the nation and foreign reporters in Managua: "I'm not going and they're not going to make me leave." He also called out the National Guard to put down rebellions in a half-dozen towns, declared a state of siege and has police imprison, beat and otherwise intimidate foes ranging from prominent opposition businessmen to youths who look to the authorities like potential subversives.

In the face of an ugly national revolt, a host of economic and social problems, the undisguised hatred of hundreds of thousands of Nicaraguans, mounting pressure from the U.S. and other foreign countries, and an image abroad as the arch-villain of the Latin American Right, the General refuses to budge. "He could have quit when the rioting got bad. "He could have made a statesmanlike gesture and said he was resigning in the cause of peace and unity," a friend of the President said. "But it's not in his nature. He's a fighter and he'll stay in the Presidency until he sees he has no chance of winning. Then he'll leave the country."

Unfortunately for Nicaragua, the President's tenacity may leave the nation in ashes.

Opponents of Gen. Somoza have called him a crook, oppressor, murderer, tyrant and worse. In scores of interviews with people from all income levels, I failed to find anyone who held a moderate view on the President.

Members of the Administration, Congressmen from the Government-backed Liberal Party and friends of the Somoza family extolled the virtues of a president who was not afraid to risk international censure in order to fight Communism and maintain law and order.

In the past, Gen. Somoza had counted on the support of large sectors of the Nicaraguan middle and upper classes. But since the devastating earthquake in 1972, when the Somozas and their friends began to use their political influence to enrich themselves and encroach on areas controlled by other domestic businessmen, backing from this important sector began to erode.

"Somoza changed the arrangement," a Nicaraguan executive told me. "Following the earthquake a lot of businessmen who had been friends of the Somozas began to be squeezed. They started to wonder whether the family's monopoly on power was such a good idea after all."

Likewise, as nationwide sentiment against Somoza and the National Guard increased, even politicians from the "Loyal opposition" (members of the Conservative Party who were given a minority of seats in the Congress) became less complacent and joined more daring groups demanding the General's departure.

Although some opponents, such as Sr. Pedro Joaquin Chamorro and his Managua newspaper, La Prensa, regularly attacked the Somoza Government, most critics were kept silent through the regime's manipulation or repression of foes. Who are the Nicaraguan opposition today and what are the alternatives open to them and the Government?

Somoza faces the rebels: almost the entire country is united against him but he refuses to move.

At present, Somoza's foes include virtually everyone not a member of the Somoza family or a part of its clique of friends and cronies. Walls all over the country are plastered with slogans calling for the death or removal of the General and announcing support for the Sandinist Front, known here as the "Frente."

Traditionally, the violent opposition here was composed of the Sandinist guerrillas, the "Frente," which takes its name from Gen. Augusto Cesar Sandino, a popular leader who fought against U.S. military intervention in Nicaragua during the time of the first Somoza in the late 1920s and early 1930s.

Up to now the Sandinists have shown themselves to be shrewd and rather successful. But they do not possess heavy armaments or substantial financial backing as have more sophisticated guerrillas such as the Montoneros of Argentina or the Tupamaros of Uruguay. Armed and trained Sandinists probably number no more than 300-400 today (they claim around 1,000), but their supporters are to be found in every village and city of Nicaragua. Even though many Nicaraguans are probably only vaguely [illegible] the group's predo[illegible] ideology, they firmly support the Sandinist efforts to oust the General and see them as national heroes.

In the recent uprisings, Sandinist guerrillas generally initiated the actions and left most of the later fighting to young people—"Los Muchachos"—armed with light weapons and home-made explosive devices. These young rebels organised defences in their own neighbourhoods and secured arms through purchase, collection and theft. More sophisticated weapons were taken from National Guardsmen killed in action.

The Muchachos, who wore masks to hide their identities, showed varying degrees of organisation and generally aspired to join the Sandinists when they were older. Most of the Muchachos were between 12 and 20 years old. They were almost fanatical in their opposition to the Somoza regime and were apparently not concerned that they were facing troops armed with high-powered M-1 rifles, sophisticated automatic weapons, armoured cars, and gunships.

General Somoza's 28-year-old son now heads the National Guard training school and is apparently being groomed for the presidency. Past elections in Nicaragua, cited by the Somozas as examples of participatory democracy, are held by the opposition to be frauds.

It is difficult to reconcile the image one usually forms of a strutting, bemedalled banana republic dictator with the smooth, business-like impression made by Gen. Somoza. Given to well-tailored, light-weight plaid suits and modest ties, he seems more like a friendly GP than the scourge of Nicaragua. In private interviews he is calm, confident and reasoned in responding to questions.

He has a pleasant smile and is warm and friendly at parties, and among friends. Even opponents call him "simpatico," and say that he possesses the talents of a good politician. Under heavy questioning from a herd of rowdy foreign newsmen, the President usually maintains a dignified image, often fending off awkward questions with a joke.

Since a serious heart attack just over a year ago, Gen. Somoza has lost some five stones and has given up smoking and drinking. He rises early and walks for about an hour before breakfast every day, and says his diet is based on the Live Longer Now Cookbook. He appears slim and in excellent health.

Although he has a villa in Nicaragua by the Pacific, and travels frequently to the U.S., he has spent most of recent months at his office/home in the "bunker," a protected collection of one-storey yellow buildings next to the infantry training school.

Born on December 5, 1925, Gen. Somoza attended the U.S. military academy at West Point and graduated the same year that Midshipman Jimmy Carter left the naval academy at Annapolis. He is married to Hope Portocarrero. They have three sons and two daughters.

The president speaks excellent American English with only a trace of accent.

Why not quit now and help defuse the civil rebellion? "I have to leave the country organised, that's why I'm sticking around. Is the civil war causing irreparable damage? "This is a very resilient country and population."

While the full extent of his business holdings will probably never be known, he told me earlier this month that his estimated worth was about $100m. Other sources have guessed that it may be as much as $500m. But this is difficult to gauge, because he and other family members often share participation in companies or use front-men to manage holdings.

One foreign banker estimated that the General either owned outright, or had a significant share in, about 80 companies in and outside Nicaragua. The chief areas of Somoza family investments are—the communications media (the Managua newspaper Novedades and radio and TV stations), extensive landholdings, rice and dairy farms, sugar plantations and mills, cement, construction, motor distribution (including the local Mercedes-Benz dealership), finance, heavy equipment distribution, insurance, aluminium extrusion, textiles and airlines (Lanica).

When asked why his family's enterprises were so successful, the general replied: "The truth is, we're a very hard-working family. We make good bids."

W. German detail China's Peking coal programme

BY JONATHAN CARR

BONN, Sept. 26.

..ST GERMAN businessmen ..t returned from Peking feel ..t their prospective DM 8bn ..th of orders to modernise ..na's coal industry will not ..tude similar deals by other ..stern nations, including ..tain.

..is pointed out that the plans ..lined by the Chinese are so ..ensive that big opportunities ..t for almost any supplier ..h the right products and ..e.

..he business which the West ..mans now stand to carry ..ugh would raise China's pro..tion of hard and brown coal ..more than 60m tonnes annu... Yet China is aiming to ..ease annual production to no .. than 1bn tonnes from the ..ent level of between 500m .. 600m tonnes over the next .. years.

..he protocol signed last ..ay in Peking between the ..t Germans and the Chinese ..unts to a declaration of ..at which must be followed up by negotiations on individual contracts.

However, it is pointed out that the signing of the protocol itself followed lengthy, detailed talks and present were representatives of all the companies planning to carry out the work, under the leadership of a former executive board member of Mannesmann, Herr Heinz Hufnagel.

The concerns involved include Krupp, Orenstein und Koppel, Demag, Thyssen Industrie-Bergbautechnik, Gutehoffnungshuette, Ruhrkohle and Weserhuette (part of the Otto Wolff group).

Also present in Peking were representatives of major West German banks—the Deutsche, Dresdner and Commerzbank. It is expected thatt he deal will be largely financed through 5-10 year credits—a further indication of the relatively new Chinese readiness to move away from insistence on barter or cash payment.

Foreseen under the protocol is the planning, construction and supply of five new deep shaft mines, each with an average annual production of 4m tonnes of hard coal. A sixth mine is to be extended to raise its production from 3m to 6m tonnes annually. All these projects are in the Hopei and Anhui provinces of eastern China.

Also envisaged is construction of two open-cast mines, each with an annual capacity of about 20m tonnes, in Manchuria. These projects alone account for almost half the total DM 8bn of prospective orders.

Finally large orders are to be placed for building one factory manufacturing mining equipment and to modernise others.

If all this business is arranged and carried out, it will mean a striking boost for the West German engineering industry.

The value of mining machinery produced here last year totalled DM 2.5bn—down from DM 2.7bn in 1976. Total German exports of this machinery in 1977 (excluding open cast equipment) were worth DM 761m—of which China took just DM 14.4m worth.

..xport success in the East

..Y LESLIE COLITT

BERLIN, Sept. 26.

.. DM 8bn sale being tied up .. West German companies of ..mining equipment to China ..s the question of why and .. the West Germans are able ..nd the biggest contracts the ..munist countries have to ..

..e topic is a favourite one at .. European trade fairs where .. German Westerners wonder .. the secret is behind the ..rkable success of West Ger.. industry in the state trading ..ries. West Germany has far ..sed all other Western coun.. in the area with the West ..ans the leading Western ..rs in every Comecon coun.. from the Soviet Union on ..

..st German companies did ..bn worth of trade with all ..munist countries last year ..ared with $30.6bn trans.. by the U.K., France, the .. Japan, Canada, Italy, the ..rlands and Benelux.

..e explanation for this Ger.. preponderance often goes ..llows: the Germans have ..s traded in the regions; ..cts are made easier as Ger.. has always been widely ..n in the area; East Euro.. engineers are often trained ..ngineers whose own tech.. education was based on ..an methods, and Deutsche ..trie Normen (DIN) are still ..andards in Eastern Europe ..not as might be supposed, .. standards.

.. Germans themselves ..y agree there is truth in all ..ove but they will add that .. more important is the fact .. the Communist countries ..egarded by West German ..nies as essentially the .. as any other market, that .. uphill struggle. By con.. one U.K. company repre..ive in Eastern Europe ..ped what he claimed to be .. too common approach of .. companies dealing with ..omecon countries.

..en selling gets difficult at .." he said, "the British ..ny executives suddenly dis.. there is Eastern Europe. ..s team is dispatched to ..ea to investigate the mar..d it reports back a year ..hat Comecon is one of the ..st markets around. By the ..ecommendations may have ..acted on back home, business has already picked up in the domestic market and eastern Europe invariably gets chopped."

The reverse of this is the approach of West German companies. West German management takes a longer term view of every market as one to be cultivated and nurtured through thick and thin. In contrast to the confidence they express in their own product, West German sales executives tend to over-estimate rather than under-estimate their competition.

Apart from an ingrained respect for foreign market conditions, West German industry has the full support of German banks in a way that is virtually unknown in Britain and most other countries.

Herr Michael Bauer, a director of the Bank für Gemeinwirtschaft, notes that his bank, West Germany's trade union bank, began dealing in Comecon in 1951 and that the personal contacts that have developed with the East are no less important than they are in the West. Despite the fact that he is dealing with enormous foreign trade and banking institutions in the Comecon countries he says that "Eastern trade is essentially one of personal contact."

He rejects any notion that BfG trade union background plays any role in its Comecon business. This fourth ranking West German bank is also fourth in volume of business with Comecon among the West German major banks with Deutsche Bank in first place, followed by Dresdner Bank and Commerzbank.

"We are the leading West German bank in the GDR and Romania and have good positions in Czechoslovakia and Poland," Herr Bauer explains. In the last loan of the Soviet foreign trade bank BfG was the only German bank, part from the Deutsche Bank in Luxembourg, that participated. Frequently it acts as co-manager in loans to Comecon countries.

Herr Bauer estimates that if one takes total Comecon indebtedness as being some $50bn then BfG accounts for about 10 per cent. Some of the major Comecon projects BfG have helped to finance have been a pipeline deal with the Soviet Union, the Klöckner-Humboldt Deutz truck sales to the Soviet Union, the Krupp coal gasification project in Poland, the Krupp foundry at Ueckermünde and the recent construction of a steel plant at Hennigsdorf as well as the Hoechst-Uhde chemicals plant at Schkopau all in the GDR.

The West German banker notes that because German industry is so dependent on exports, West German banks are obliged to support it in all markets, including Comecon. German banks have thus followed German trade in Eastern Europe to a degree unique in the Western banking world.

Herr Bauer, however, says that full credit must go to West German industry for the steady rise in West German trade with Comecon. The secrets are all there to be emulated, including the thoroughness with which German industry enters the market as well as its speed in attending to personal wants and the excellence of after sales service.

One of the greatest advantages the Germans have over their competitors in Comecon is the range of West German companies involved in East-West trade, the largest concerns, through medium sized ones down to the smallest companies.

"These small companies are the ones you see so often at the Leipsig Fair and in Brno and Poznan," says Herr Bauer. "The owner himself mans the stand and his wife brews the coffee. They are specialists whose great advantage is their flexibility."

A Russian recently told him that his country's foreign trade enterprises had sometimes made a mistake in the past by dealing only with the largest Western companies. They are now coming around to the view that smaller companies are sometimes better able to provide tailor-made solutions for them.

Over the coming five years Herr Bauer believes trade with Comecon will develop more slowly than in the past five years and particularly in the GDR he sees fewer large projects in sight. But German bankers, much the same as German industrialists, generally tend to make conservative predictions, especially about their eventual share of the business to be gained.

..ustria in joint lignite scheme

.. PAUL LENDVAI

BUDAPEST, Sept. 26.

..G CHANCELLOR Krei.. ..eekend working visit to ..st, Austria and Hungary .. in principle to set up a ..evel joint Government ..sion to prepare the joint ..tion of large lignite ..s on the Hungarian side .. border area and the erec.. a thermal power plant in .. based on Hungarian coal ..es.

.. project would cost an ..ed Sch10bn (about £350m) ..vested in a period of 10 ..

.. lignite reserves are esti..o total about 1bn tonnes .. which could be developed. ..me 40m to 60m tonnes are ..ed to lie on the Austrian ..ploitation of the lignite .. would cost some Sch5.8bn with an additional Sch3bn to Sch4bn for the construction of a power plant with a final capacity of 1,200 MW. As both sides are short of natural resources the lignite project would clearly be advantageous for the two neighbouring countries.

The talks, conducted with Hungarian Premier Gyorgy Lazar, Deputy Premier Jozsef Marjai, as well as the Deputy Ministers for Foreign Trade and Foreign Affairs, also covered Austrian deliveries for the reconstruction and expansion of Hungary's largest steel complex, involving possible orders worth some Sch1.4bn.

Furthermore the two countries agreed on Austrian assistance for modernisation of the Hungarian railways and for the construction of a motorway from the Austro-Hungarian border to the city of Gyoer. Both projects would necessitate Austrian export finance.

● Austria has received a major order for the delivery of a plate mill with an annual capacity of 520,000 tonnes from East Germany, but estimates about the exact value of the contract differ between the two sides.

While the East German side speaks about a value of Sch 5bn, a spokesman for Voest-Alpine, the nationalised Austrian steel concern, suggest a net value of Sch 3bn. Voest will purchase during the next seven years steel products, and machinery worth Sch 5bn from East Germany.

..nce agreed ..J.S. Airbuses

FRANKFURT, Sept. 26.

..250m 10-year credit for .. Airlines will be met ..mestic French franc and ..erman mark funds, but ..n dollars to minimise the ..r's foreign exchange risk, .. sources said here.

..redit is being supplied .. by a German group com.. Kreditanstalt Fuer ..ufbau and a standing .. consortium led by ..r Bank, and a French ..m led by Credit ..s.

..nders' foreign exchange .. being covered on the .. side by the Hermes ex..rance agency, acting on ..f the Government, and .. French side by the .. state export finance .. the sources said.

..ources said Eastern will ..erest at a fixed rate, ..he banks will calculate ..terms on a floating basis.

Oil tankers for stock 'now a good investment'

BY IAN HARGREAVES, SHIPPING CORRESPONDENT

SHIPYARDS which build oil tankers for stock during the current shipbuilding and shipping recession will be making a sound financial investment according to a study on tanker investment from H. P. Drewry, the London consultants.

The Drewry study, which assumes a recovery in tanker freights in the mid-1980s, shows that profits should be made from immediate purchases of a variety of new and second hand tanker types.

Shipbuilders, with access to generous finance terms from their governments, could show profit on tankers built for own account even if the ships were put into storage for a number of years.

Although Drewry agrees that the suggestion that yards should build for stock is regarded as "rank heresy" in a world where almost 20 per cent of the tanker fleet is laid up, it rejects the idea that shipyards are likely to seriously jeopardise the recovery of tanker markets by stock-piling ships.

Because of normal attrition, about 200m dwt of tankers will still be needed between now and 1988 and any threat to tanker investment profitability through building for stock is "minimal," says the report.

From the point of view of the conventional shipowner, Drewry believes that opportunities are emerging for profitable purchase of both new and secondhand tankers. It points out that Hong Kong owners are already active in the market and that state shipping companies in the Middle East are expected to become so.

Investment in tankers: the case for optimism. £75. H. P. Drewry, 34 Brook Street, London W1Y 2LL.

Japan-China trade may exceed targets

BY CHARLES SMITH

TOKYO, Sept. 26.

ECONOMIC RELATIONS between China and Japan have become rapidly more intimate in recent months, making it necessary for the two countries to expand trade targets set early this year, the Minister of International Trade and Industry, Mr. Toshio Komoto, told an audience of foreign journalists and diplomats here to-day.

He also said that the point had been reached in China-Japan trade relations where it was no longer possible for the private sector "to get along by itself." Some form of Government consultation would be necessary from now on to realise the full possibilities for developing bilateral trade.

Mr. Komoto, who visited China in the second week in September, said the change in China-Japan trade relations reflected an equally striking change in China's own thinking on economic development.

There had been "economic confusion" at the start of the current ten year development programme (launched in 1976). But China's plans had begun to take a more convincing shape in late 1977.

Mr. Komoto said he felt the "engine" for achieving the planned target had now been activated and most targets were likely to be filled or over-filled. He felt certain that China would achieve its target of doubling steel production to 60m tonnes by 1985.

Mr. Komoto said that Japan's targets for trade with China should be first to raise two-way trade as rapidly to the interim target level set for the first five years of the eight year trade agreement negotiated earlier this year. The second objective should be to add a further five years to the existing pact (which now runs up to 1985).

These two aims formed the central subject of his talks in Peking, Mr. Komoto said, although precise targets were not discussed during the visit.

Among problems standing in the way of increased China-Japan trade, Mr. Komoto listed COCOM restrictions (these have the effect of delaying if not actually preventing signature of Japanese plant export contracts), patents and constraints on the business activities in China of Japanese general trading houses.

Another problem, how to finance Japanese plant sales to China pending increased Chinese oil shipments to Japan) is being taken up by a commission from the Keidanren (Federation of Economic Organisations) which left for Peking on Monday.

Mr. Komoto said it was not true that increased Japanese imports of Chinese oil, provided for in the eight year trade agreement, would mean that Japan would import less oil from elsewhere.

Truck production planned

BY YOKO SHIBATA

TOKYO, Sept. 26.

CHINA HAS proposed that Mitsubishi Motor of Japan, should co-operate with it in the assembly of trucks. Under the plan, Mitsubishi would take a part in production in China. This has been revealed by Mr. Tonio Kube, president of Mitsubishi.

It is understood that the Chinese proposals envisaged a number of sites as being in the running for the establishment of the truck factory, with Nanking regarded as the most promising.

The trucks involved are large models with a load capacity of more than eight tons. At the moment, all the parts of the trucks assembled in China are supplied by Mitsubishi, but the setting up of a car parts factory would allow Chinese-made parts to be used.

Upturn for Swedish papermakers

By John Walker

STOCKHOLM, Sept. 26.

SIZEABLE improvements in Swedish exports for most qualities of paper and board were noted for the first six months of this year, the Swedish Pulp and Paper Association reports.

Deliveries in the first half rose by 28 per cent or more than 500,000 tons to a total of 2.3m tons. Production in the same period was up by 8.4 per cent to a total of 1.7m tons.

Considerable quantities of paper pulp were exported to Asia and African countries—and during the period under review trade with these countries almost trebled.

Purchases from the main markets in Western Europe were also on a considerably higher level than at the same time a year earlier. Capacity utilisation in the pulp sector remained low and in consequence the large stocks held at the beginning of the year were substantially diminished.

The inflow of orders for the majority of paper and board qualities was satisfactory during the first six months of this year and exports increased by 16 per cent to 2.0m tons.

On the domestic market demand also increased but to a lesser extent. Trade in paper and board with overseas countries showed a sharp upswing.

Shipments to Japan have contributed towards a 17 per cent increase in total deliveries of sack paper to 429,000 tons, while newsprint exports reached a total of 465,000 tons. Production in the first half of this year showed an increase of 11 per cent.

£5.5m crane order

THE CLYDE crane division of NEI Clarke Chapman Cranes, of Mossend, near Glasgow, has won a £5.55m contract from the China Light and Power Company of Hong Kong, according to the Hong Kong Trade Development Council.

Dutch allocate some aid to tied exports

BY OUR OWN CORRESPONDENT

AMSTERDAM, Sept. 26.

THE CENTRE-RIGHT Dutch Government has decided to link part of next year's overseas development aid funds to the signing of "relevant" export transactions. The previous Socialist-led cabinet had always refused to do this despite strong pressure from Dutch business and industry. The sum involved will be a maximum of Fl 100m in 1979 (about £24m), the Economics Ministry announced.

The Dutch decision to allocate part of its aid funds to tied exports of goods and equipment follows a similar move by the British Government to provide some 5 per cent of aid funds for soft loans for purely commercial projects. The aid funds would normally form part of a financial package mainly with export credits. As a result both the British and Dutch will now be able to offer "credits mixtes" financing, already widely used by competitors such as France, in the developing world.

Other more traditional promotion measures have also been announced by the Dutch Government. The Ministry has stressed, however, that the Government's principal policy will be aimed at reducing the level of costs for Dutch commerce and industry which should secure a much-needed improvement of the country's competitive edge. Another main policy objective is to gradually change the composition of Holland's export package, bringing it more in line with developing overseas demands. For this purpose the industrial innovation process will be stimulated as much as possible.

The so-called "matching fund," which enables the financing of capital goods exports to be subsidised if it has been established that foreign competitors are being subsidised by their governments, is to be broadened to cover other exports requiring short- to medium-term credit facilities. Fl 100m has been allocated for this fund next year. This sum it is added, will partly serve for the establishment of lines of credit. The first credit line was arranged with Poland in March, 1977; negotiations for a second one, offered to South Korea last year, are still in progress, while lines for several other (undisclosed) countries are being prepared.

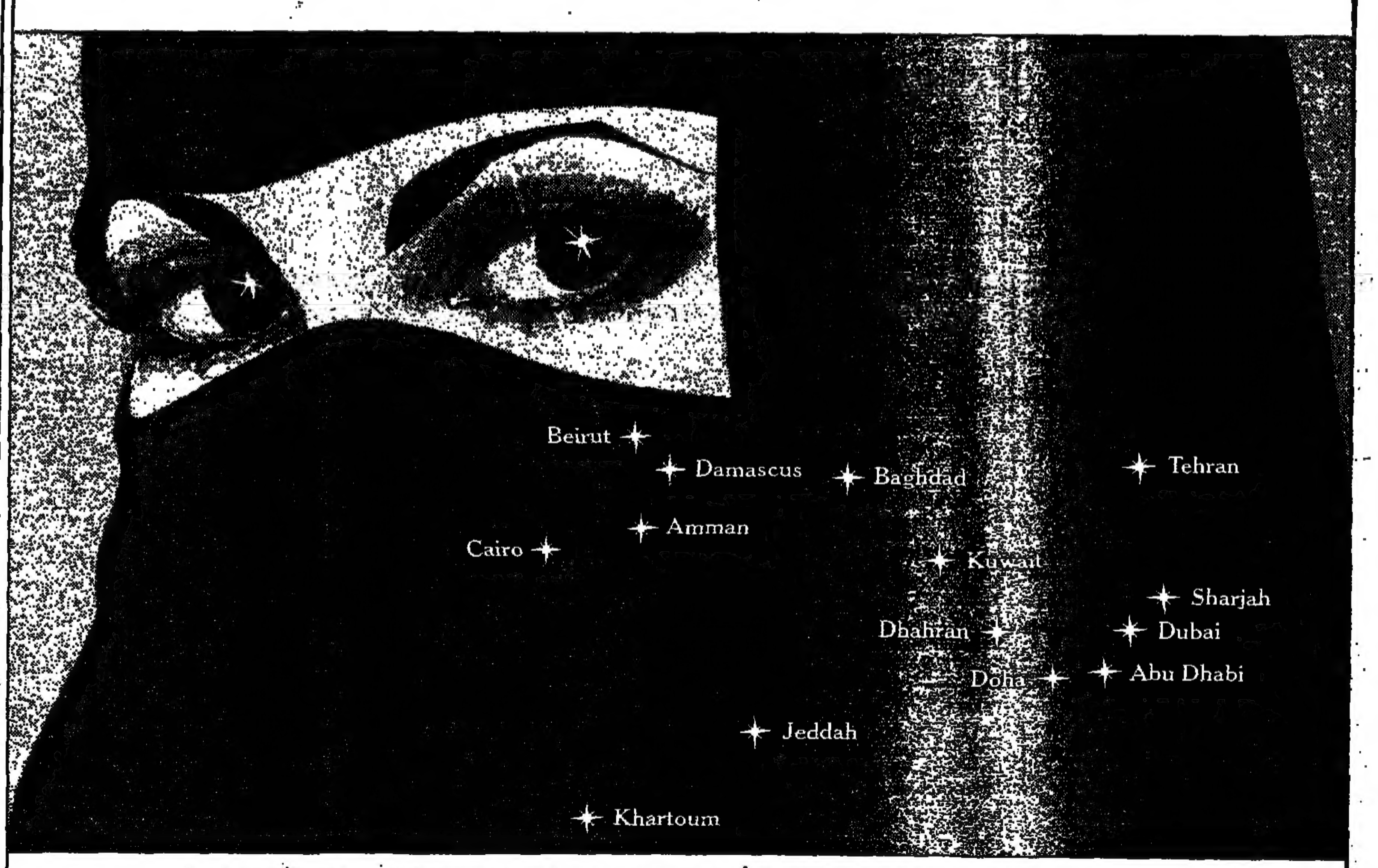
The Government subsidy for collective single sector export initiatives — the costs of preparatory activities necessary to penetrate in a new market — will be doubled to 40 per cent of the costs next year. As regards turnkey projects, in which various industries may be involved and in which 50 per cent of the preparatory costs is paid by the state if the order is lost, the condition that at least 70 per cent of the goods and services have to be of Dutch origin has been relaxed. This condition has been prohibitive for very large projects where the Dutch share could be only small but nevertheless still substantial in absolute figures. In future the minimum percentage can be lowered for such projects.

To reinforce the export management of small- and medium-sized businesses the Government will from 1979 onwards subsidise up to 50 per cent of export training costs but there will be a limit on the total subsidy paid per company. In response to another demand from Dutch industry and commerce the Economics Ministry is aiming, in co-operation with the Foreign Ministry, to reinforce embassy commercial staff in priority export markets. Economic and commercial training of young foreign service officials in Holland will now be stepped up.

Hungary £5m credit line

Morgan Grenfell has signed a new £5m line of credit with the National Bank of Hungary for the purpose of financing U.K. exports of capital goods and services. The loan agreement is guaranteed by the Export Credits Guarantee Department, and is the seventh consecutive "shopping basket" line arranged by Morgan Grenfell for the National Bank since 1970.

Regardez l'Est



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Post Office extends its price freeze

BY JAMES McDONALD

POST OFFICE charges for postal, telephone, telegram and parcel services—already frozen until the end of this year—are to remain the same for a further three months to the end of March 1979.

Mr. Denis Roberts, managing director, posts, also announced yesterday that provisional agreement had been reached with the U.S. postal service for experimental facsimile transmission between the UK and the U.S. in the spring of next year. The documents could be business documents or personal letters.

Mr. Roberts was opening the Mail Efficiency Exhibition '78 in London. The three-day exhibition aims to draw attention to the fact that managements are paying too little attention to the efficiency of their companies' mail rooms.

When the Post Office announced its first freeze in April, it said that the then nine-month standstill would mean that postal rates would have remained unchanged for 18 months. Telephone charges had not risen for more than three years.

This latest decision brings the freeze on postal rates up to 21 months.

When the first freeze was announced, Sir William Barlow, Post Office chairman, explained that part of the reason for it was the increased volume of business in posts and telecommunications. More letters and parcels were being sent and compared with 1976 a record 1.75m new telephone lines had been installed—a 23 per cent increase.

Sir William also mentioned the solution to the pension fund deficiency. An agreement with the Government meant that there was no longer any need to pass on the costs of funding the £1.25bn deficiency to consumers.

Japan favours more investment in Wales

BY OUR WELSH CORRESPONDENT

JAPANESE business now regards the Hitachi incident as an exceptional case and not a sign of general British hostility towards Japanese inward investment, Mr. Tadao Kato, Japan's UK ambassador, said in South Wales yesterday.

He said at the opening of Sekisui's £2m Merthyr Tydfil plant that no Japanese company took lightly the decision to invest abroad. Companies would not set up manufacturing operations where they felt unwelcome.

But it was an open secret in Japanese business circles that a warm welcome was guaranteed in Wales which, with Sekisui, now has four of the seven Japanese companies manufacturing in the UK.

Sekisui's decision to go ahead with this plant showed that the Hitachi affair was now regarded as closed. Last year, Hitachi abandoned plans to set up a new television factory in the UK after widespread opposition to competition against existing UK manufacturers.

Mr. Kato emphasised the importance of such operations being regarded as British companies, and not Japanese companies under a British umbrella.

In a reference to trade difficulties between Japan and the EEC, he said that if the EEC was to make "unreasonable requests," his government would expect full backing from the British Government for Japanese manufacturing subsidiaries in the UK—including the right to continue exporting freely to every other Common Market country. Anything less would hit Japanese investment severely he warned.

The Sekisui plant is designed initially to produce 1,000 tonnes a year of closed-cell irradiation cross-link polyethylene foam.

The material has particular insulating, shock absorbing and sound deadening properties which make it suitable for several industrial uses.

They include interior linings and body engineering applications in the car industry, insulation for buildings and pipe work and the packaging and leisure industries.

Opening the factory, which will employ 32 people, Mr. John Morris, Secretary of State for Wales, announced an increase of £40,000 to £240,000 in the Government's grant to the Welsh Development Corporation.

Mr. Meirion Lewis, chief executive of the corporation, which is concerned mainly with attracting overseas investment to Wales, said the extra money would be spent on strengthening its Cardiff staff.

The corporation has had a steep increase in inquiries for potential incoming industry. Two more representatives abroad—in New York and Scandinavia—would also be taken on.

London insurers pay £3.8m for crash Boeing

FINANCIAL TIMES REPORTER

PACIFIC SOUTHWEST Airlines yesterday received $7.5m (£3.8m), the insured value of its Boeing 727 aircraft involved in the San Diego air disaster. The crash killed at least 150 people.

The hull was insured in the London market through both British insurance companies and at Lloyd's with Aviation and General Insurance the principal underwriter.

The insurance was arranged by the aviation division of Alexander Howden Insurance Brokers who, by keeping in touch with all parties concerned in the U.S. and UK, enabled the claims for the hull value of the Boeing to be paid within 24 hours.

Insurance for the other aircraft involved in the disaster, a privately owned Cessna light aircraft, was placed domestically.

Major insurance payments to come will relate to the liability claims made by representatives of the passengers in the airliner and by those persons or their representatives involved on the ground. It is understood that about 12 houses were demolished as a result of the crash and there the death toll could be as high as 15.

It will be some time before liability claims are settled. Mr. Peter Brewis, chief executive of the aviation division at Alexander Howden, is expecting a report today from the U.S. on the possible extent of liability claims. But at this early stage such figures would be only a rough estimate.

Mr. Ray Jeffs, chief underwriter at Aviation and General, said yesterday that the intention would be to settle the liability claims without going to the courts if agreement could be reached on the amount of the liability.

A leading Lloyd's aviation underwriter said that although it was extremely difficult to estimate the liability involved in the disaster, he imagined that "the final bill will be in the region of $50m." Although the London insurance market has insured about 95 per cent of the risk, Lloyd's own involvement will be relatively limited.

To give some idea of the size of liability claims, the Tenerife air disaster, in which two Jumbo jets collided on the runway, has so far resulted in claims totalling about $60m and the final figure is expected to be about $70m. The Turkish DC10 disaster in Paris cost underwriters $70m in liability claims.

Less restrictive textile industry laws urged

FINANCIAL TIMES REPORTER

ENVIRONMENTAL legislation for the textile industry should be more realistic and practicable, according to Dr. John McPhee, director of planning and services at the International Wool Secretariat.

At a conference at the Textile Institute in Edinburgh, Dr. McPhee said laws were being broken because they were so restrictive.

So far Britain had escaped excessive legal restrictions, though strict standards relating to industrial waste had been imposed by local authorities. Legislation, Dr. McPhee said, was now fast catching up with countries such as the U.S. and Japan.

Environmental and anti-pollution legislation had, to some extent, inhibited the textile industry. At the same time, though, new opportunities and cost-cutting methods had opened up, Dr. McPhee said.

Six months ago large-scale trials with the Yorkshire Water Authority resulted in a new moth-proofing agent, permethrin, being discovered as a suitable chemical to use with wool without causing damage to the environment.

Australian technology, the Lo-Flo method for purifying waste fluid, is expected to cut one plant's effluent costs from £100,000 a year to about £25,000.

Chairman of Harrods

LORD REDMAYNE was incorrectly described in a picture caption in yesterday's Financial Times as chairman of Harrods. Harrods' chairman and managing director is in fact Mr. Robert Midgley.

Shipping aid plan wins backing

By Ian Hargreaves, Shipping Correspondent

INTERNATIONAL maritime interests yesterday agreed to work towards a wide-ranging plan to reduce overcapacity in the world's shipbuilding and shipping industries.

At its heart is a $240m (£122m) scrap-and-build programme devised by the International Maritime Industries forum. But, following pressure from shipowners, emphasis will also be given to the need to scrap or convert shipyard capacity as well.

Yesterday's forum meeting in London was called to discuss the scrap and build idea. The meeting was described as constructive, although there were deep differences of opinion between shipowners and shipbuilders.

The mechanics of the scheme, which involves governments offering shipowners generous credit terms to build one new ship for every two scrapped, were not seriously challenged, but the general description of policy is to be substantially redrafted.

Prolong

Shipowners, especially those of Norway and Greece, are worried that the scrap and build scheme alone will prolong the slump by encouraging more unwanted ships to be built.

The forum's finance committee will try to re-draft the plan to include these reservations and others in time for the forum's November meeting.

It is hoped an agreed plan will be submitted to Governments and to the Organisation for Economic Co-operation and Development after that meeting.

The 60 representatives of shipping companies, shipyards, banks and oil companies yesterday agreed that the forum should explore new ways of dealing with the shipping slump.

A working party under the chairmanship of Dr. Rolph Stoedter of J. J. Essberger, the Hamburg shipping company, has been formed to do this.

Employees take over A. & P. Appledore

By Our Shipping Correspondent

A AND P APPLEDORE, the shipbuilding consultancy company formed seven years ago by Austin and Pickersgill and Court Line, has been taken over by its own senior employees.

Forty employees—representing about half the company's staff—have formed A and P Appledore (Holdings) to buy out the shares controlled by the Court Line liquidator and by London and Overseas Freighters, the shipping company which owned Austin and Pickersgill before the nationalisation of the shipbuilding industry last year.

In spite of the financial difficulties of Court Line, which had a 40 per cent stake in the consultancy, A and P Appledore has gained a formidable international reputation in the past few years.

It was behind the planning of Hyundai Shipyard in South Korea and was also responsible for the design of three of British Shipbuilders' most modern covered building facilities—at Cammell Laird, Liverpool, Sunderland Shipbuilders and Appledore Shipbuilders, Devon.

Advisor

The consultancy has no direct connections with British Shipbuilders, although the new chairman of A. and P. Appledore, Mr. Jim Venus, also acts as an advisor to the state corporation.

Mr. Charles Longbottom, retiring chairman of the consultancy, said he was leaving to concentrate on Seascope, the marine brokerage company of which he is chairman.

Mr. Peter Nash will continue as chief executive under the new ownership.

No financial details of the transaction were available yesterday, although London and Overseas Freighters said it had made "a substantial profit" on its stake. A. and P. Appledore has made pre-tax profits of between £100,000 and £200,000 a year in recent years on turnover of between £1m and £2m.

Mr. Nash said the change would provide an opportunity to expand the company beyond the recent diversification into offshore work and heavy industrial engineering.

Lake District park joins federation

THE LAKE District National Park has become a member of the Federation of Nature and National Parks of Europe, which covers Europe.

The Countryside Commission and the Nature Conservancy Council are national members of the federation. Formerly the Peak District was the only British member. The Lake District membership was approved by the fifth general assembly of the federation in Debrecin, Hungary, at a meeting to discuss the conflict between conservation and tourism.

Skytrain begins Los Angeles service

BY LYNTON McLAIN

SIR FREDDIE LAKER'S Skytrain air service to Los Angeles left Gatwick Airport yesterday on time, half full and a year to the day after the first Skytrain flight to New York.

The New York service carried its 250,000th passenger yesterday, a figure which is 25 per cent higher than Sir Freddie's estimate of the number of passengers he will carry to Los Angeles in the first year.

Sir Freddie was not dismayed at the apparently low load factor for the inaugural Los Angeles flight. "I wanted it this way. I did not want a repeat of the position this summer when people queued for far too long to cross the Atlantic," he said.

Passengers paid £96 for the single fare to Los Angeles, but from this Sunday this will fall to £84 compared with British Airways' £89 standby tickets. The Laker fare for the Los Angeles to London journey is $270 (£137).

Sir Freddie's estimate of the number of passengers he will carry in the first year caused uproar during the Civil Aviation Authority hearing into his application for the Los Angeles route in March.

Laker said British Caledonian Airways had tried, failed and withdrawn from the route in 1974. British Caledonian had carried only 41,000 passengers on the route in 1976, but Laker said it was confident the new Skytrain would generate passenger growth from a wide area around Los Angeles.

● General Electric, the U.S. jet engine builder, said last night that it had been awarded the contract to supply engines for the 10 European A300 Airbuses ordered by Laker Airways this month. The £180m Airbus order is part of a £380m re-equipment order, including five DC10s, announced by Laker.

The airline plans to use the new planes on its long distance routes in Europe and on the North Atlantic, where they will expand the Skytrain services.

Thames flood warning practice goes smoothly

BY MAURICE SAMUELSON

Mr. Horace Cutler, leader of the GLC, inspecting the flood warning control room

LONDONERS, warned by Press and radio that this was not the real thing, paid little attention to the 80 wartime sirens which began wailing at 11.17 yesterday morning.

Their message was that the Thames could breach its banks within four hours—long enough for commuters to get out of town, and Londoners to take other precautions.

Immediately afterwards, GLC staff began interviewing people in the 45-square mile danger area to evaluate the problems in a real emergency. Flooding remains a danger until the Thames barrier at Woolwich is completed in 1982.

For the hundreds of emergency staff, the alert began at 8.15 am when the GLC's flood warning room near Parliament Square triggered the alert.

The alarm was flashed to the Metropolitan Police, river side boroughs, transport services, the BBC and local radio.

Fifteen minutes later, the call was relayed to the homes of hundreds of emergency personnel who went to their flood positions.

At 8.15, rush-hour travellers saw notices being pasted up at rail and bus stations, and BBC and local radio began broadcasting regular announcements. The sirens sounded at 11.17—six 30-second blasts at 15 second intervals.

The main emergency room—a big Portakabin—in the old tram tunnel beneath Kingsway, was crowded with staff from the main public services, including tea-making WRVS members.

Despite the tunnel's depth, the GLC claimed that it was out of reach of any flood waters. Fire brigade management used it as an emergency control centre during the firemen's strike two years ago.

Mr. Horace Cutler, the GLC leader, said the practice had gone well.

● An ambitious plan to lure salmon back into the Thames received the go-ahead yesterday. The "bait" being offered to the salmon is a Thames Water Authority plan to spend nearly £600,000 over the next 22 years on making the Thames more attractive to the fish.

If all goes well anglers could be landing salmon—salmar, the Atlantic species, within five or six years in the lower stretches of the river up to Runnymede.

Development chairman attacks Tyne council Labour group plan

BY ANTHONY MORETON, REGIONAL AFFAIRS EDITOR

REGIONAL AFFAIRS EDITOR

THE ROW between Tyne and Wear County Council and the North of England Development Council over the latter's role and functions erupted again yesterday when Cllr. Mrs. Maureen Taylor, chairman of the development council, accused the Labour group on Tyne and Wear of trying to put a straitjacket on its work.

If the group succeeded, it "would in effect lead to the disbandment of the organisation" she said in Stockton.

A fortnight ago Tyne and Wear's Labour group announced its intention to recommend to the full council on October 18 that it should withdraw from the NEDC. As the Tories on the county council have said they will support the move, the motion seems certain to be approved.

This would be the second blow to hit the NEDC. Cumbria withdrew last April. Tyne and Wear contributes £83,989 towards the NEDC's budget of £487,645 and nominates nine members to the development council's 26-strong executive committee.

Mrs. Taylor claimed that Tyne and Wear's Labour group had laid down "guidelines" for the control of the NEDC. These included control over matters of regional significance and strategy, that the future role of NEDC should be decided in the context of Labour Party policy, and that NEDC should not be involved in overseas trade missions.

Although Councillor Michael Campbell, leader of Tyne and Wear council, was not available for comment, the Labour group denied that any guidelines existed or that they had been discussed.

Mrs. Taylor, a Labour member herself, representing Cleveland County Council, alleged that "the Tyne and Wear Labour group has decided that within the executive committee of NEDC there should be an internal Labour group with chairman and officers and standing orders to determine policy before the executive committee meetings take place."

Such an organisation, allied to the guidelines, would "inhibit the day-to-day work of the organisation," she said.

Mrs. Taylor's declaration of warfare against another Labour council can be seen as part of the internecine battle among Labour's Northern politicians.

Tyne and Wear has joined with the three other county councils in the area to form the North-East County Council's Association and is seeking to exert its influence on the NEDC through this body. Three of the councils are Labour controlled.

The Government, as chief paymaster of NEDC, will not welcome such an outburst of intra-party conflict at this time. It sets great store by the work done by overseas trade missions, which have had considerable success in attracting orders to Britain.

Penguin appoints new chief

Financial Times Reporter

MR. PETER MAYER has been appointed chief executive of Penguin Books.

Mr. Mayer, 42, has been president and publisher of Pocket Books in the U.S. since 1976. During that time he broadened the company's list with the addition of authors such as Claude Levi-Strauss and Franz Kafka.

Previously he was head of Avon Books, which he built up over 13 years from being a small paperback publishing house into one of the largest in the U.S. The authors he published include Heinrich Böll, Patrick White, Thornton Wilder and Saul Bellow.

Mr. Mayer was educated at Columbia University and at Christ Church College, Oxford. He is author of two books, "An Idea is Like a Bird" and "The Pacifist Conscience." He has also translated several books from French and German.

Mr. Jim Rose, chairman of Penguin, also announced that Mr. Thomas Guinzberg, president of Viking Penguin since the merger of Viking Press and Penguin Books in the U.S. has resigned. He is to be succeeded by Mr. Irving Goodman, publisher of the American company Holt, Reinhart and Winston.

Radar system will provide 200 jobs

By Paul Taylor

MARCONI Radar Systems has announced plans for a £750,000 expansion at its Gateshead plant which will create 200 jobs in Tyne and Wear. The expansion follows the success of a new air defence system unveiled by the company earlier this month.

Work on a final assembly shop to build the long-range mobile Martello radar system, is to begin in about two months. The equipment which was displayed at Farnborough Air Show, goes into full production in 1980.

The company has expanded its Gateshead workforce from 300 to 700 in the past four years, and Martello system production will take the workforce up to 900.

The system is fully mobile and can be moved by air, land or sea in special containers. It provides full range, bearing and height radar functions and has been designed to meet any military threat in the next 15 years.

The company claims it has already interested many overseas buyers.

Advertisers attack timing of Hattersley criticism

BY OUR CONSUMER AFFAIRS CORRESPONDENT

A MAJOR report on the effectiveness of voluntary regulation of advertising standards is to be published soon by the Office of Fair Trading, following extensive market research and monitoring of advertisements.

The report is being prepared by the office with the advice of a joint working party of representatives from the Consumers' Association and the Advertising Association.

The Advertising Association, which represents the industry's interests, yesterday criticised Mr. Roy Hattersley, Prices Secretary, for not waiting until the report was published before announcing new moves to control advertising.

On Monday, Mr. Hattersley told a trade conference that the Government was considering legislation against advertisers who failed to abide by the industry's voluntary code of practice.

He proposed that the Advertising Standards Authority, the industry watchdog, should have power to force advertisers who deceive the public to correct advertisements.

The Advertising Association said yesterday that, until the OFT report was published the extent of misleading advertising would not be known. It added the Director of Fair Trading already had extensive powers to deal with misleading advertising.

"It should first be explored how these might be brought to bear for the purposes of the Advertising Standards Authority," the association added.

Information kits to save energy

INFORMATION KITS to help industrialists stage seminars on energy saving are to be introduced by th eDepartment of Energy. Each will consist of a film, notese for presenter, booklets and invitation cards.

Colleges, apprentice training schools and the fuel industries, as well as energy managers, are expected to use the packs. The first three titles in the seris deal with furnace management, burners for boilers and heating and ventilation in factories.

Double taxation protocol agreed

THE UK and Norway have reached agreement on the text of a protocol aimed at avoiding double taxation of production profits from trans-median line oil and gas fields where both have agreed that a field extends across the line dividing the Continental Shelf.

BNOC to drill two wells off Cornwall

BY KEVIN DONE, ENERGY CORRESPONDENT

THE BRITISH National Oil Corporation is to drill two exploration wells in the South Western approaches, starting either late this year or early in 1979.

Falmouth was chosen for the supply base after a survey of ports in the south and west of England and South Wales.

It is one of a number of ports in the south-west that have been trying hard to attract oil companies to set up bases as exploration moves away from the North Sea and other northern waters.

BNOC will drill wildcat wells on two blocks 72/10 and 86/18. These were awarded to the Corporation by the Department of Energy in April as part of a batch of 100 per cent licences granted to BNOC and British Gas.

Block 72/10, which will be drilled first, will be the most south-westerly block yet explored in UK waters. It was only designated earlier this year when agreement was temporarily reached with France on a median line defining the UK and French sectors.

The block is about 175 miles south-west of Lands End, and 86/18 is 40 miles south of Lands End.

BNOC said yesterday that Falmouth was the port closest to both blocks and also met requirements for operating the two supply boats to service drilling operations.

Later this year British Gas is also drilling a wildcat well in southern waters in block 98/22. It will be the first well drilled in the English Channel, and is about 25 miles south-west of the Isle of Wight.

North Sea crude oil prices up

BY OUR ENERGY CORRESPONDENT

NORTH SEA CRUDE oil prices have improved in the second half of the year according to stockbrokers, Wood Mackenzie.

The increase follows the tightening in supply and reflects companies' expectation of a price increase by OPEC at the end of the year.

Negotiations have started over prices for contracts placed in the fourth quarter of this year. Wood Mackenzie suggests that there could be an increase of 15 to 25 cents a barrel compared to third quarter prices.

This would mean prices of $13.95 to $14 a barrel for crude oil from British Petroleum's Forties Field.

Prices of $14.15 to $14.20 a barrel could be possible for crude from the Ekofisk Field in the Norwegian sector of the North Sea. The quality of oil from this field has been markedly improved since the Tor and West Ekofisk fields have come on stream.

Supply is expected to be tight in the fourth quarter, says Wood Mackenzie. But spot cargoes could be available from fields shortly to be connected to the Brent and Ninian pipelines, chiefly Heather and Dunlin.

Lower production is expected this month from Mobil's Beryl Field. The platform was shut after oil leaked into a column of the Condeep concrete platform.

'Better maths teaching needed'—Williams

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

PRIMARY school mathematics teaching should be improved, Mrs. Shirley Williams, Secretary for Education and Science, admitted in London yesterday.

Teachers particularly needed to give pupils aged from five to 11 a better understanding of the application of numbers to everyday life. She was commenting on a two-year survey of 524 English primary schools.

The survey by Government inspectors showed that the average score of 11-year-olds in mathematics tests was 28 out of a possible 50.

This was better than the 25 expected by the inspectors, but the survey report says that many pupils would have obtained better scores if they had been given greater appreciation of the general rules of maths.

The report also expresses concern about teaching weaknesses in science subjects. It says that not enough is being done to stretch the more academically able primary school children, particularly in basic reading and maths skills.

Although teachers are catering successfully for less able children in these basic skills, the survey suggests that faster-learning pupils are often given insufficiently challenging work.

In general, however, the report repudiates much of the severe criticism which has been levelled against slipshod primary school education.

The survey's reading tests showed a rise in the average score among 11-year-olds from 28.7 out of 60 in 1955, to 31.3 in 1976-77.

Most teachers were found to give high priority to the basic skills, including multiplication tables, and to be able to establish a quiet working atmosphere when necessary in nine out of ten classes.

Three-quarters of the teachers rely on traditional methods of instruction, rather than on an "exploratory" approach, the report says. But a combination of older and newer approaches seems to produce the best results.

"What emerges from the survey is that teachers in our primary schools work hard to make their pupils well behaved, literate, and numerate," Mrs. Williams said.

Primary Education in England, SO: £3.50.

Boarding school support plan

THE GOVERNMENT has set up a new "clearing house" system to help Britain's State boarding schools which are suffering from a declining number of pupils.

The Department of Education and Science is to finance the new clearing house system for a three-year experimental period to help local education authorities make the best use of the schools.

The system will be run by the Boarding Schools Association, which will keep a register of vacancies.

£260,354 sale sets Phillips record

SALEROOM

BY ANTONY THORNCROFT

PHILLIPS PRODUCED the highest total in its history for a single sale when yesterday it disposed of jewellery for £260,354, with just 5 per cent unsold.

The top price was the £19,000 paid by Music, the dealer, for a diamond suite of modern design made by Asprey, and including brooch, ring, bracelet, earrings and necklace.

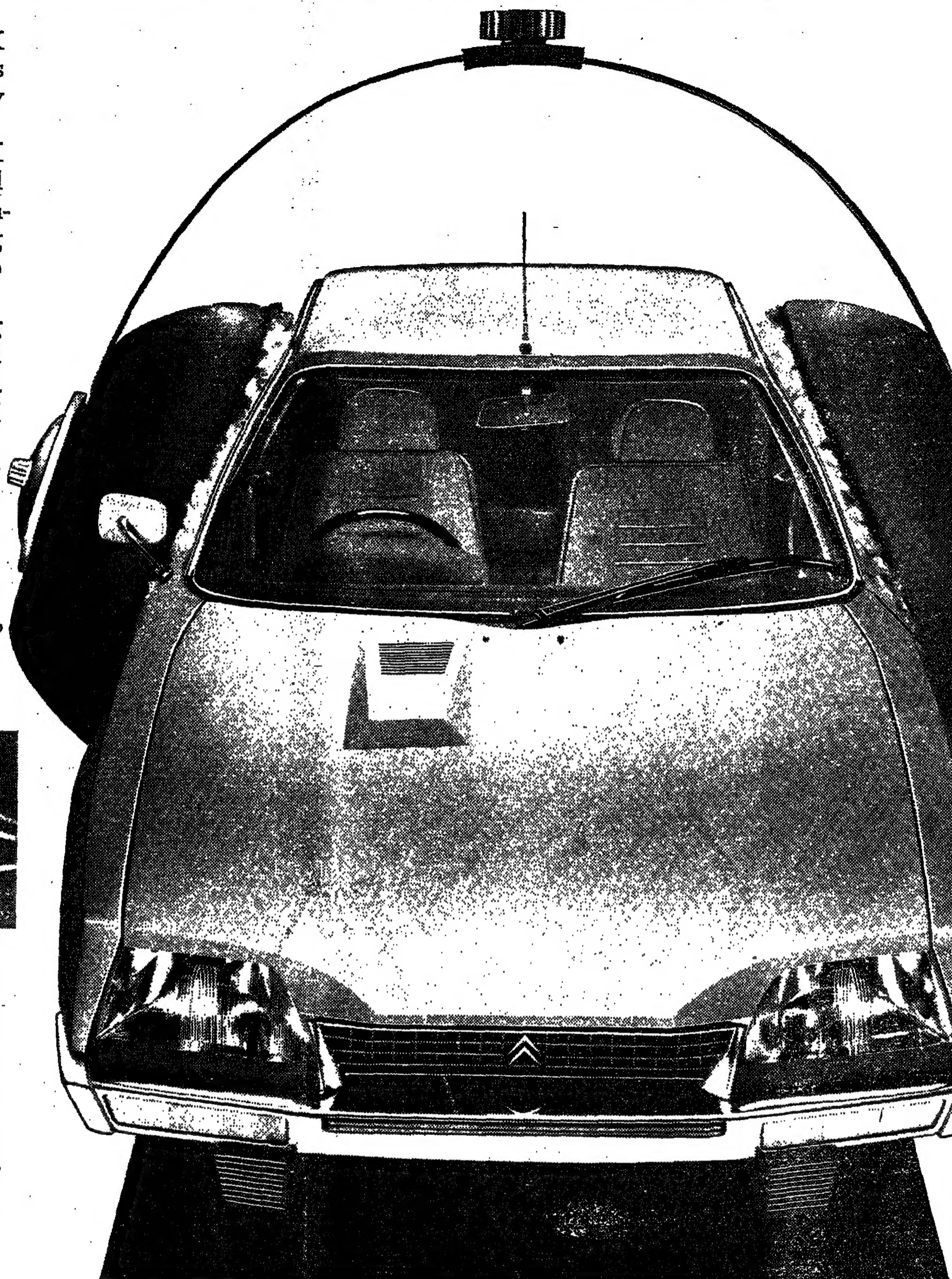
Blenheim, another dealer, bought a Fabergé paper knife for £2,000, and Benjamin a Fabergé gold and enamel eraser holder for £800.

The Phillips furniture sale brought in £146,186, with British buyers again dominant. Adams paid £13,500 for a Sheraton period mahogany library table in the manner of George Seddon, and £7,000 for a set of George II mahogany dining chairs in Chippendale Gothic taste. A pair of satinwood vitrines in Louis XV taste fetched £5,800, and a pair of Sevres vases £5,600.

Sotheby's held two minor sales, disposing of English pottery and porcelain at Bond Street for £32,898 and Victorian paintings at Belgravia for £34,016. Top price in the porcelain was the £1,700 from Mercury Antiques for a Spode ironstone Japan pattern dinner and dessert service. Horne gave £1,600 for two Delft plates depicting Queen Charlotte. Top price among the pictures was the £1,600 for Church Pool, Bettws-y-Coed, by Frederick Hulme.

Bonhams this week opened new premises at 65-69, Lots Road. To be called the New Chelsea Galleries, the auction room is opposite the company's Old Chelsea Galleries in Burnaby Street, which will continue to hold picture sales. The new auction room will hold a weekly sale of furniture and other household items every Tuesday at 10 am.

ADVANTAGES OF BELONGING TO THE SILENT MINORITY.



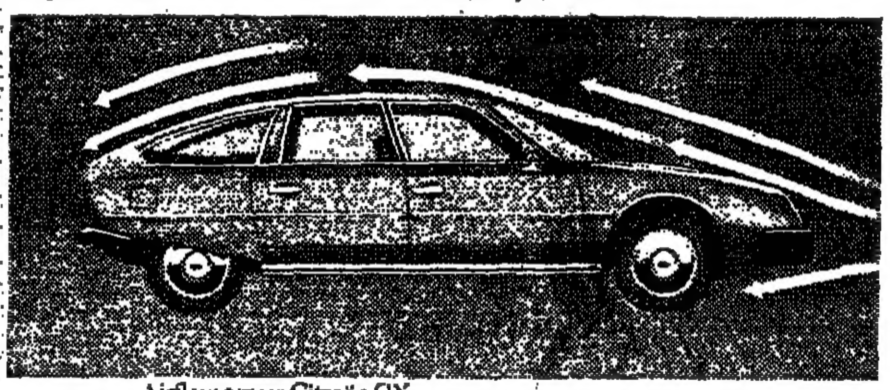
Illustrated: CX2000 Super £5199.48.

First impressions of the Citroën CX can be quite misleading. If ever a car was designed to delight the eye then surely this is it.

In truth, the elegant lines of the CX owe far more to the dictates of practical requirements than to any aesthetic considerations. Its aerodynamic styling makes it an exceptionally quiet car to drive at any speed.

It reduces wind noise by allowing the wind to sweep over, under and around the car. For extra good measure, there's a high level of sound insulation in the CX which reduces road noise.

Benefits of aerodynamic styling don't end there either. The shape of the CX offers minimal wind resistance, which is an aid to effortless acceleration. Its wind cheating design also accounts for greater fuel economy with the CX Pallas (5 speed, manual gearbox) returning a pleasantly astonishing 39.8 mpg at a constant 56 mph (7.1 l/100 km at 90 km/h).*



Airflow across Citroën CX.

A unique feature of the CX which contributes further to quietness is that the car body is attached by means of rubber mountings to the underframe. (This carries the wheel suspension, steering, braking system, engine and gearbox assembly.) The rubber mountings have the effect of soundproofing the passenger compartment by filtering engine and mechanical noise. Vibration and noise due to road shocks are also filtered.

Steering is Citroën's unique Vari-Power system. No other car has a steering which can match it. When parking it's finger light, and power-returns to a straight line position immediately the steering wheel is released.

On the open road, VariPower steering grows progressively firmer with increasing speed. Deviation from a straight line is negligible in the CX, even on a motorway in strong cross winds. It also prevents wheels being deflected by road surface irregularities so that the driver is always in complete control.

UNSURPASSED FOR COMFORT.

However long a journey, driver and passengers remain comfortable in the CX and arrive relaxed and uncramped. The seats give excellent back and leg support, hugging as if moulded to the very shape of your body.

Suspension plays a major part in comfort on long trips. Citroën's celebrated hydropneumatic system is unsurpassed for comfort and safety in any car at any price.

A ride in the CX is remarkably smooth with all bumps and road shocks being absorbed. More impressive though, in the case of a tyre blowout at, say, 70 mph, the combination of Citroën's hydropneumatic suspension and CX steering geometry maintains directional stability and keeps the car safely under control, even when braking.

Joining the silent minority could be a lot less expensive than you might think. £4966.65 would buy you a CX 2000. The range extends up to the luxurious, longer wheelbase CX Prestige Injection C-matic at £9254.70 with a choice of engines (carburettor, fuel injection and diesel) and manual or C-matic transmission.

All CX models have recommended service intervals of 10,000 miles and have a 1 year guarantee. The suspension is guaranteed for 2 years (max: 65,000 miles).

A selection of the 16 models in the CX range

Model	BHP	Top Speed	Price
CX 2000	102	109 mph	£4966.65
CX 2000 Super	102	109 mph	£5199.48
CX 2400 Super (5 speed)	115	112 mph	£5813.73
CX 2400 Pallas (5 speed)	115	112 mph	£6398.73
CX 2400 Pallas Injection (C-matic)	128	112 mph	£6997.77
CX 2400 GTi (5 speed Injection)	128	118 mph	£6979.05
CX 2400 Safari Estate	115	109 mph	£5971.68
CX 2500 Diesel Safari Estate	75	90 mph	£6315.66
CX 2400 Familiale	115	109 mph	£6081.66
CX Prestige Injection (C-matic)	128	112 mph	£9254.70

Prices include car tax, VAT and inertia reel seat belts but exclude number plates. Delivery charge £68.04 (inc. VAT). Prices are correct at time of going to press.

Please enquire about our Personal Export, H.M. Forces and Diplomatic schemes and Preferential Finance scheme. Check the Yellow Pages for the name and address of your nearest dealer. Citroën Cars Ltd., Mill Street, Slough SL2 5DE. Telephone: Slough 23808.

CITROËN CX. A WORLD OF COMFORT.

*Simulated urban driving 18.6 mpg (15.2 l/100 km), constant speed driving 75 mph (120 km) 30.1 mpg (9.4 l/100 km).

CITROËN CX

Car 'warranty' plans under scrutiny

BY KENNETH GOODING

E DEPARTMENT of Trade clamping down on organisa-ns which offer so-called ended warranty schemes for s.

One estimate, possibly on the h side, is that 1.7m motorists involved in such schemes ered by 37 organisations.

The Department of Trade con-ds that what is being offered many cases is vehicle break-wn insurance and that the npanies involved should either subject to the Insurance Act underwritten by another con-rn covered by the Act.

It has written to a number of ganisations putting this view-int in the strongest way ssible.

As a result, one insurance oker, Mr. Gordon Hoppé of ondon Wall Insurance Services, timated yesterday that within months "there will be fewer an a dozen companies left in e field."

The Society of Motor Manufac-rers and Traders is also wor-ed about the adverse publicity tracted by some extended arranty plans. To the motorist e term "warranty" implies that e manufacturer of the vehicle involved, although this is never e case.

The society is preparing a code conduct for such schemes—ready six of its members are the business. The code will m at eliminating "exclusion auses" in the small print of ontracts, clauses which can ften make the warranty almost orthless in practical terms. here is even pressure within e society to ban the word warranty" in connection with ch schemes.

As it happens, however, the lan Mr. Hoppé and London Wall unched yesterday is described s the Carefree Motor Warranty. It was arranged on behalf of Lloyds and Scottish Finance (owned by Lloyds Bank and the Royal Bank of Scotland) which gets about 45 per cent of its instalment credit business from motor dealers.

It is claimed that this is the only plan fully underwritten by the Lloyds of London insurance market and available on every make of car.

Lloyds and Scottish tested the market via Auto-Union Finance, a company jointly owned with Volkswagen-Audi, and says that seven out of 10 Volkswagen dealers are now using the scheme.

There are well over 500 motor traders using Lloyds and Scottish Finance at point of sale and therefore eligible to use the plan. And it is one of a number of plans being considered by Datsun Finance, the joint Lloyds and Scottish-Datsun instalment credit concern. So there is a good chance that the 350 Datsun dealers will also join in.

Automatic petrol pumps given no chance to err

BY SUE CAMERON

MOTORISTS ARE being denied the use of automatic petrol vending machines because of a million-to-one chance that they may be given a teaspoonful of fuel too little.

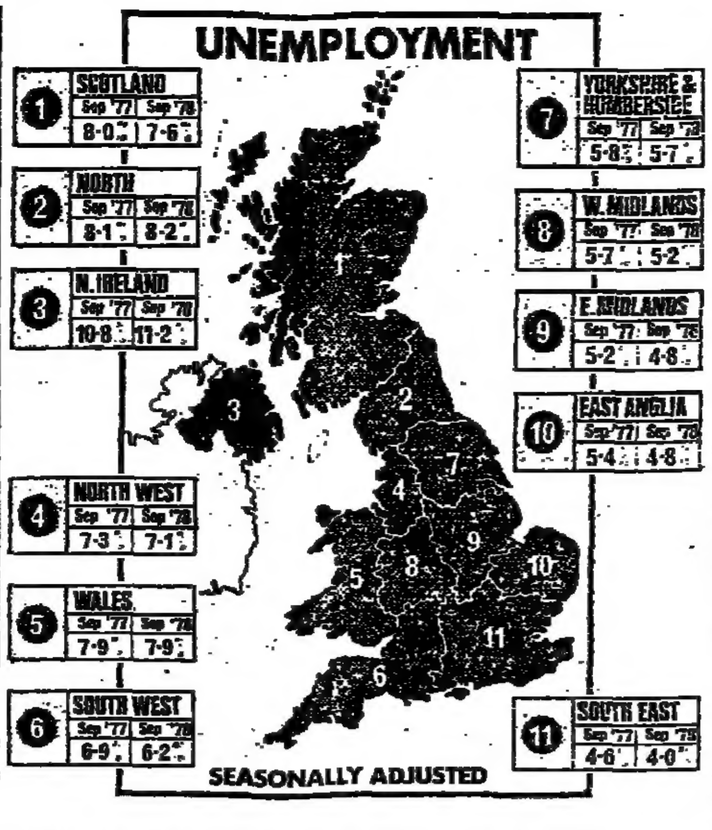
The Department of Prices and Consumer Protection is refusing to approve the use of any further autovending petrol pumps unless they are absolutely foolproof against power failures lasting a fraction of a second. For a 10-millisecond electricity cut would mean motorists would be given short measure on their petrol—by about a teaspoonful.

There are 600 automatic petrol vending machines operating in the UK but they accept only old-style £1 notes in pristine condition. New validator heads have been designed for the machines which would enable them to accept new £1 notes. It is this modification that the department is refusing to approve.

It is anxious that consumers should be certain of receiving their money's worth every time. It is also trying to bring its own regulations in line with a forthcoming EEC directive on weights and measures which is expected to show the same attention to minute detail when it comes to quantities. The department says existing machines do not meet its standards but it delayed taking action on them because they were due to become obsolete with the advent of new £1 notes.

De la Rue, the leading manufacturers of automatic petrol vending machines in the UK, said yesterday that there was only a "one-in-a-million chance" of any motorist being caught up by a ten millisecond power cut after he had put in his money. If a cut did happen, the motorist would lose only about a farthing's worth of petrol.

British Petroleum, which introduced the autopumps in 1965 and which now has 150 in its petrol stations, said it was advising drivers to be patient and to keep all their old-style £1 notes that are in good condition. But the company admitted that the old notes were going out of circulation fast



THE NUMBER of adults out of work fell in all regions in the month to mid-September when seasonal factors are taken into account—except in the North and Northern Ireland, where there were *modest increases*.

In the past 12 months, the unadjusted total, including school-leavers, shows a fall in the absolute number out of work in all areas except the North, Wales and Northern Ireland.

The absolute number of unemployed rose by 5.7 per cent in Northern Ireland, 1.7 per cent in the North and 0.5 per cent in Wales. The North seems to be an anomaly, because the seasonally-adjusted figure, excluding school-leavers, showed a drop in unemployment over the same period. This suggests that the position of school-leavers has deteriorated here more than in any other area.

The biggest drop in the unadjusted absolute number out of work was in the South East, down 12.4 per cent on the same month a year ago, and East Anglia, down 12 per cent.

The drop in the Midlands was 10.4 per cent; in the West Midlands 8 per cent; the East Midlands 5.2 per cent; Scotland 4.9 per cent; the North West 3.3 per cent, and Yorkshire and Humberside 0.3 per cent.

Ban on U.S. salmon to go

By David Churchill, Consumer Affairs Correspondent

THE Department of Health is expected to lift its ban on imports of canned salmon from the U.S. in the next day or two.

The ban was imposed early in August, following the case of botulism poisoning in Birmingham when four old people ate a tin of John West salmon. Two of the four died, but the other two are recovering.

Extensive tests in both the U.S. and UK by Government and industry inspectors are believed to have proved that the tin of infected salmon was a "rogue" can.

The delay in lifting the ban is believed to have been due to the exhaustive inquiries revealing other problems in the processing industry in the U.S. which are said to be unrelated to the botulism outbreak.

Since the botulism was found to be due to the infected tin of salmon, John West, a subsidiary of Unilever, has not offered for sale any U.S. canned salmon. It is, however, selling in the UK salmon canned in Canada and Japan.

While John West canned salmon sales have been subsequently reduced by the botulism outbreak—believed to be the first reported case from canned salmon in over 100 years—there are signs that the market may recover earlier than expected. Normally more than 100m tins of salmon a year are sold.

Already trade sources are reporting that demand for canned salmon in the North and Midlands is picking up in stores where tins have been reintroduced for sale. Two major UK importers of tinned salmon are understood to have placed large orders for canned salmon from Canada.

Monetary plan rejection 'would hit sterling'

BY DAVID FREUD

STERLING is likely to come under pressure if the UK stays out of a new European monetary system, argues the City stockbroking firm, Phillips and Drew.

If Britain did not participate, it would appear to the market that the UK authorities were unwilling to pursue the vigorous economic policies implied by a currency link with the West German Deutsche Mark.

For this reason and for political ones, the firm expects the UK to take part in the scheme.

Unless the outlook for the present pay round becomes inflationary, the firm expects interest rates to come down when the UK joins the system, which should start operating in the New Year.

Sterling would then be seen as an especially high-yielding route into a "hard currency" bloc. This might lead to strong outflows from the U.S. dollar and other third currencies into sterling, which might strain the European monetary system's intervention limits.

The firm says: "To avoid this situation there would be a strong case for reducing UK interest rates significantly before sterling's entry."

If inflation prospects deteriorate, sterling's inclusion in the system would require vigorous defensive action, which would probably result in interest rates remaining high.

The firm concludes: "In spite of the increased sensitivity of interest rates to inflation prospects, which will result from sterling's inclusion in the system, we expect the inflation outcome in 1979 to be sufficiently encouraging to leave scope for a moderate fall in UK interest rates by the end of next year without straining currency relationships."

House building may face new recession

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

THE PRIVATE house building industry could be heading for another recession, according to the House Builders' Federation.

Mr. Colin Shepherd, president of the federation, told a meeting in Liverpool that the decrease in building society lending was threatening "to plummet next year's private sector housing programme into another sharp depression."

Mr. Shepherd said that unless there was an early improvement in the mortgage situation it seemed unlikely that private housing starts next year would rise above the 135,000 figure achieved in 1977—the second lowest total on record for over 20 years. This year, it is expected that about 155,000 private homes will be started.

Government controls on mortgage lending, Mr. Shepherd claimed, had led to disruption of sales plans, to cash flow problems and to fears that mortgage shortages could lead to a sharp fall in the level of sales in the early months of 1979.

He continued: "This fall in the industry's confidence about future prospects is clearly reflected in the Government's own latest private enterprise housing inquiry which revealed a sharp drop in the number of starts planned by builders compared with the previous inquiry carried out before mortgage controls were imposed."

Mr. Shepherd said there were as yet no signs of any improvement in lending levels and the reduction in mortgage lending had resulted in lengthy delays and uncertainty over mortgages.

He concluded: "There seems little prospect of the required improvement in home loans taking place until the current controls on lending have been removed and the societies' freedom to determine their own policies for attracting and lending funds has been restored."

Manifesto MP calls for State-run bank

BY ELINOR GOODMAN

A LEADING member of the Labour Party's moderate Manifesto Group called yesterday for a commitment to a State-owned bank to be included in the party's next manifesto.

Mr. Ian Wrigglesworth, MP for Teesside-Thornaby, made the suggestion in a paper to be submitted to the Wilson Committee on the City and published yesterday.

He proposed that the national Girobank should be merged with the National Savings Bank to form the core of the new bank.

It would be run along normal commercial lines as an alternative to the clearing banks and, unlike the National Savings Bank, would offer savers competitive interest rates.

It would not be expected to bail out lame ducks although it would co-operate with the National Enterprise Board in providing funds for small businesses.

Mr. Wrigglesworth, who formerly worked for National Giro and is vice-chairman of the Parliamentary Labour Party's finance and economic group, evidently hopes that a commitment to a fully-fledged State bank would head off pressure from the Left to nationalise the clearing banks.

In its report to next week's conference, the working party set up by the national executive committee to study banking and insurance leaves open the highly controversial subject of nationalising the clearing banks.

It does, however, come down in favour of merging the National Savings Bank with the National Girobank—a move now being studied by the Treasury at the Prime Minister's request.

The details of Mr. Wrigglesworth's scheme are rather different from those of the working party's plan.

Although similar in some respects to the Carter Committee plan on the Post Office, he proposes that the new bank should be run as a separate institution within the Post Office in much the same way as the telecommunication business is now. It would have its own counter at post offices to ensure its separate identity.

Mr. Wrigglesworth rejects the idea that either the Co-operative Bank or the Trustee Savings Bank should be included in the new State bank.

Porsche predicts UK boom

By Kenneth Gooding

PORSCHE, the independent, family-owned West German group, expects to increase car sales in the UK by 500 to 1,500 in the 1979 model year, which started this month.

This should increase turnover from £9.3m to £14.5m and retain the UK's position as Porsche's major European export market.

The sales drive will be helped by the introduction this month of the right-hand-drive version of the Porsche 928. More than 300, costing £19,500 each, will arrive in the UK in the next 12 months.

According to returns from the 18-strong dealer network in Britain, 757 cars have already been ordered for the 1979 model year. "This emphasises the demand for the Porsche product which is 50 per cent forward-sold," says the company.

Ten of the UK dealers will have a car sales turnover of more than £1m in the coming year.

In the past 12 months the Porsche factory produced 35,900 cars, compared with 37,157 in the previous year. About 3,000 vehicles were lost during a month-long metalworkers' strike in the Stuttgart region.

Sales surge likely to slow next year

BY OUR CONSUMER AFFAIRS CORRESPONDENT

THE PRESENT surge in consumer spending is likely to slow next year as prices rise and average earnings fall, according to the Management Horizons economic forecasting company.

Management Horizons says in its latest economic outlook for the retail trade that sales this year are likely to be 4.8 per cent up over last year. But once this surge in sales has been achieved, the company expects the rate of sales growth to slacken to 2.3 per cent next year and 2.5 per cent in 1980.

For this year the company says that a strong sales increase is likely in the last six months with the July to September period showing a volume sales growth approaching 6 per cent. "This level of growth will be maintained in the fourth quarter by good Christmas sales which, in value terms, are expected to be over 13 per cent higher for the retail trade as a whole."

Management Horizons points out that the present spending boom is fuelled by the wide gap between prices and earnings. It argues that the gap will narrow next year when the annual average price inflation is forecast to edge up to 9.2 per cent, compared with 8.2 per cent this year, while average earnings growth is expected to be cut from 14.4 per cent to about 12 per cent.

In the retail trade, Management Horizons forecasts that the non-foods sector will enjoy the most rapid growth during the current upturn in spending. Volume sales of consumer durables such as refrigerators and washing machines are expected to rise by 11.4 per cent this year, followed by further growth of 5 per cent in 1979 and 1980.

Clothing and footwear shops can expect a sales volume increase of 5.8 per cent this year with growth at about half this level in 1979 and 1980.

The company says that the food sector is taking a slightly larger share of the increase in consumer spending than was first thought. It forecasts that food sales will rise by 2.5 per cent this year after a 4 per cent fall last year. In the next two years annual growth in food sales volume will slow to below 1 per cent a year, it predicts.

The rate of industry's cost inflation is falling, according to a survey published yesterday. The survey, from the Institute of Purchasing and Supply, shows that the average increase sought by suppliers during August was 6.5 per cent. This was a marked drop on July's figure of 8.1 per cent and the lowest average increase so far this year.

The industrial sector to show the largest price rises was again mechanical engineering, where increases averaged 7.35 per cent.

Gas fills 25% of industry's needs

BY SUE CAMERON

GAS IS now supplying 25 per cent of the UK's industrial energy needs, compared with only 4 per cent in 1965 according to Mr. Aubrey Lloyd-Dodd, industrial sales manager of British Gas.

British Gas said yesterday that it expects industry's use of gas to further increase by 2 per cent a year between now and 1980.

Mr. Lloyd-Dodd, speaking at a symposium in Birmingham, said enough gas had been discovered to ensure supplies to the premium market—those who use gas because of the degree of heat control it offers—until at least the end of the century. He said that eventually, natural gas reserves would have to bes upplemented from other sources but he claimed that British Gas led the world in the technology of producing synthetic gas from coal. In the long term this offered a useful "insurance policy" but it also provided more immediate prospects of export business for British industry.

Mr. Lloyd-Dodd said cleanliness and ease of control were two of the chief advantages of using gas as an industrial fuel. As a result, it was possible to tailor the heat supply to a particular production process and ensure maximum efficiency.

Builders defend safety record

BY OUR BUILDING CORRESPONDENT

THE CONSTRUCTION industry's safety record was defended yesterday by Mr. Frank Gostling, president of the National Federation of Building Trades Employers.

Mr. Gostling told the federation's north counties region in Chester-le-Street, Co. Durham, that Construction industry employers had, contrary to some accusations, taken action to improve the sector's safety performance.

He said that over the past decade his federation and the Federation of Civil Engineering Contractors had developed a joint safety policy designed to raise safety levels.

Today, a new initiative is being launched by the two bodies, in conjunction with the Institute of Building, to provide a new national health and safety course available to anyone entering or already engaged on site management.

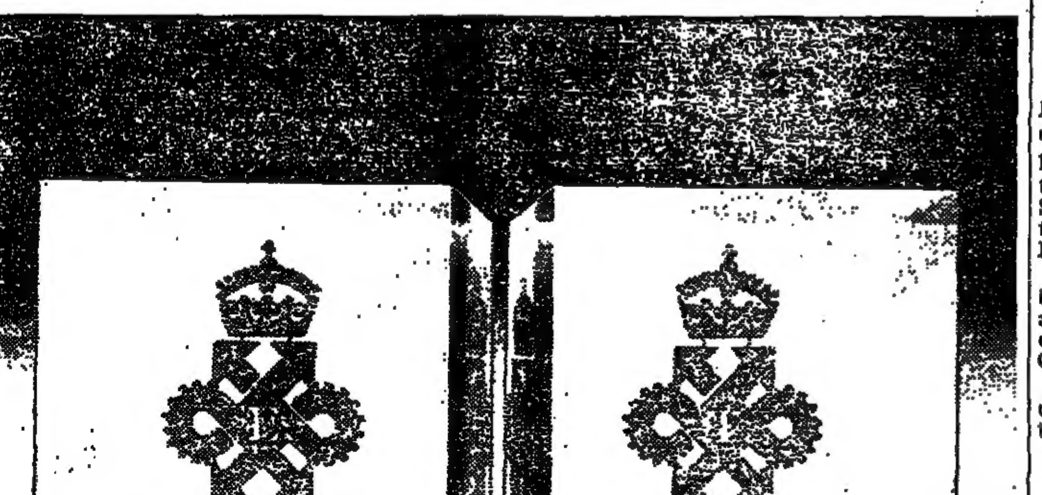
Mr. Gostling continued: "The very size of the industry and the comparatively hazardous nature of construction work means that a continuing battle must be fought by employers and unions alike to achieve further improvements in the construction safety record.

"But I must place on the record the fact that when the accident rate in construction is compared with other British industries, both steel and coal have a higher fatality rate and no less than 35 manufacturing industries have a higher serious accident rate.

"We, as employers, are nevertheless certainly not complacent on this question and will continue to seek to reduce the construction accident rate as far as possible."

Mr. Gostling also commented on criticisms, made by the trade unions and the Labour Party, that construction employers were taking no action to provide continuity of employment for workers.

The industry was making continuing efforts to establish in the minds of Ministers the need for a stable and developing programme of work and was also negotiating with Government and unions on a voluntary registration scheme for employers.



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Midland companies raise Motor Show spending

FINANCIAL TIMES REPORTER

MIDLANDS MOTOR component companies have increased their promotion budgets sharply for the 1978 International Motor Show, to be held next month for the first time at the National Exhibition Centre, Birmingham.

Spending by Lucas and GKN, both based in the Birmingham area, is more than 50 per cent up on the last Motor Show at Earls Court, London, two years ago.

GKN has erected a large digital clock on a 100 ft high tower outside the centre entrance and Lucas is supporting a wide range of popular attractions including the Red Devils parachute team and demonstrations of water skiing.

No precise figures have been disclosed but Lucas, which is making by far the largest promotional effort of any supplier, is said to be spending £500,000.

"Birmingham and the Midlands is our territory and we are making an act of faith in the future of his region," said Mr. Walter Waller, group marketing director of Lucas.

Plan for 'science park' in West Midlands

PROPOSALS FOR a high-powered science-based industrial estate adjoining Birmingham University are being studied.

It would be aimed at attracting more technologically-oriented projects to the West Midlands.

The region's over-dependence on vehicles has been widely blamed for its weak economic performance, and there have been demands for more industries based on electronics and petro-chemicals.

The university has gained a world reputaion for advanced work on the development of radar telescopes, instrumentation in spaceships, ultra-short wave radio and sophisticated machine tool controls.

The idea of science parks, as they are called in the U.S. because of their high environmental standards, is to bridge the gap between research and prototype production. The aim is to form a powerful nucleus that would attract similar ventures.

Birmingham University, the city, and the West Midlands County Council have each given an initial £10,000 for a planning exercise being carried out by Coopers and Lybrand Associates.

Help is being given by Arup Associates and by Unilink/Heriot-Watt University, Edinburgh, one of the first science parks to be established in the UK.

Science parks have been, or are being, set up by Trinity College, Cambridge, Livingstone New Town in the North East, and Warrington in the North-West. The latter two are designed to appeal to big international companies and others with high technological abilities.

New check on heavy vehicles

ROADSIDE CHECKS for overweight vehicles are to be streamlined folowing tests on a machine which records the weight trasmitted to the road surface by the wheels of each axle of a vehicle, and thus the gross weight, while the vehicle is in motion.

The machine, known as a dynamic axle weighbridge, has been tested by the trading standards department of Kent County Council at Barham on the A2—one of the busiest routes in the country for cross-Channel traffic.

Until now the results of the Barham tests had to be verified by a conventional weighbridge before a prosecution could be pursued.

BOC offers to restore relics

By Maurice Samuelson

BOC, which recently gave welding equipment to restore the SS Great Britain, Brunel's steamship, yesterday said it would help preserve other relics of Britain's industrial revolution.

Equipment, made by BOC's gas equipment plant at Skelmersdale, Lancs., and qualified staff from Skelmersdale will be made available under the company's industrial preservation scheme.

Within hours of the scheme being announced, the company received its first inquiry from the National Trust. It wants to restore an iron ship which has lain for years in Coniston Water.

"We will consider any relic, whether it is the last Sussex plough or a locomotive," BOC said yesterday.

BOC, which started in 1886 under the name Brins Oxygen, mainly as a supplier of limelight to theatres, has a collection of early welding equipment at its Skelmersdale plant which is thought to contain the first oxygen blow pipe.

Toyotas recalled

TOYOTA IS recalling 7,600 Corolla 20 and Corolla E models sold in the UK between October, 1974, and December, 1977, to check the steering. The company said yesterday that there was the possibility of steering shaft failure in extreme cases.

Employers 'must halt discrimination'

FINANCIAL TIMES REPORTER

DISCRIMINATION of any kind was harmful both to industry and to the individual and progress in adopting equal opportunity in employment was disappointing, said Mr. John Grant, Parliamentary Under Secretary of State for Employment.

At a seminar on equal opportunities given for senior management executives at the London Business School yesterday Mr. Grant said: "It robs industry of a full choice and use of talent, and it denies the individual the opportunity to make the best of his or her abilities thus affecting personal dignity and satisfaction, earning capacity and, hence, general attitude to life in an allegedly free society."

He said that the law was a starting point and a framework for an explicit, active and determined assault on discrimination. But employers' efforts so far had not been commensurate with the size of the problem.

He went on: "This apparent reluctance by employers to adopt such policies is rather puzzling when one considers that in taking such a step they are making a positive contribution to removing discrimination in the workplace—but at the same time they are ensuring that more effective use is made of their manpower."

He concluded that so far little effort appeared to have been made to promote equal opportunities at grass roots level. Employers, and often women themselves, still tended to make outdated and untested assumptions about the work which women can do or want to do.

Swap-shop scheme for industrial waste

WEST YORKSHIRE businessmen are starting a unique "swap shop" scheme to make use of each other's rubbish.

Bradford Chamber of Commerce has asked almost 2,000 local companies which waste products from their factories could be used by other concerns, rather than being dumped on the tip.

Mr. Donald Woodcock, the chamber's director, has already been offered everything from textile remnants to eggshells.

Later this month companies will be told what waste products are available and will be asked to contact the chamber to arrange a swap.

"As far as we know, we are the first chamber in the country to start such a scheme, but others are watching our venture with interest," said Mr. Woodcock.

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LABOUR NEWS

Chief officers' pay plea rejected again

BY PAULINE CLARK, LABOUR STAFF

EMPLOYERS OF Britain's 5,000 local authority chief officers and executives have rejected for the second time a Government appeal to renegotiate a 12.5 per cent pay award dating from July.

The deal threatens to become an embarrassment to the Government at a time when union leaders representing more than 1m local government manual workers are considering industrial action over its 5 per cent pay claims.

But in the absence of any direct threat of Government sanctions — such as a refusal to provide the money to meet the increase — local authority employers have so far stood their ground.

The Department of the Environment has twice written to the employers' national negotiators asking them to look again at the settlement and on both occasions they replied as one representative put it yesterday, that "they would rather not."

"The ball is now very much in Mr. Peter Shore's court," he said.

The Environment Department said yesterday: "We have received a letter from the Local Authority Conditions of Service Advisory Board and are considering it."

Resistance to the Department's appeals centres on the employers' argument that any change in the settlement would upset local government white-collar pay scales.

But it also points out that the payments are in line with those given to senior civil servants many of whom also received more than a 10 per cent Phase Three increase.

This was because they benefited from delayed payment of the Phase One £6 supplement which they did not receive in 1975-76 because of the £8,500 cut-off point.

The majority of chief officers earn between £8,000-£9,000 a year and chief executives between £11,000 and £13,000.

Local authority employers point out that the only difference between their settlement and that of the Civil Service is that the extra increase for some senior civil servants is hidden in an overall wage bill while top local government officers are paid out of a separate budget.

Belfast company faces action

By Stewart Dalby

FOLLOWING THE rejection yesterday of a 5 per cent pay offer by employees at James Mackie, the Belfast textile machinery company, workers at a second large company in the province are taking industrial action against the Government's Phase Four guidelines.

About 800 employees at Davidson and Co., subsidiary of a South African concern, Abercom Investments, walked out in a token strike yesterday in protest against the management offer of a basic 4 per cent increase. This would have been made up to 5 per cent by night shift bonuses.

About 600 of the company's employees voted at a mass meeting yesterday that from today they would work only a 40-hour week and would ban all overtime.

Like those of James Mackie, most of Davidson's products are exported. The workers say they have proposals of their own to put to the company but officials of the three unions involved declined to say what they were.

Workers at Mackie rejected a 5 per cent increase which had already been put in August pay packets. They have called for a better offer from the company but they have deferred any decision to strike for two months under an agreement with the management for a cooling-off period.

Last year, Mackie was blacklisted for giving its workers a 22 per cent increase in defiance of the Phase Three guidelines.

This led to the withdrawal of export credit guarantee support which made the completion of an important export to Vietnam difficult for the company.

It may have been this which prompted Mackie, a company notoriously shy about talking to the Press, to try to toe the Government line this year.

Observers say that other companies may soon experience difficulties similar to those at Mackie and Davidson because Northern Ireland companies are usually high in the queue for pay increases each year.

Scottish hauliers expect strikes

BY NICK GARNETT, LABOUR STAFF

SCOTTISH road hauliers are expecting a major outbreak of industrial action by lorry drivers after the first pay negotiations in this year's wage round.

Scotland is expected to become the first region of the Road Haulage Association to begin formal negotiations next month with the Transport and General Workers' Union, representing the drivers.

Four years ago, a long drivers strike which crippled a large section of road transport throughout Scotland led to a substantial pay deal which became a pace setter for drivers' settlements in England and Wales.

Last year the West Midlands, which settled at 15 per cent after selective industrial action against individual companies, set the average rate for the association's other regions.

Those settlements, which followed industrial action elsewhere, including a drivers' strike in Wales, formed one of the most significant breaches of the 10 per cent Phase Three.

Road hauliers say privately that they see no chance of settling within Phase Four's 5 per cent although this is likely to be their offer. The drivers have submitted claims of between 20 and 30 per cent.

Road hauliers were upset at the way the Government imposed sanctions on individual companies for settling above the Phase Three guidelines which the association believes the hauliers had no option but to do.

The association, however, says that in the event of industrial action, the consequences of which many hauliers would not be able to afford, it would have to assess the effects of this against the threat of further sanctions.

Local officials of the Transport Workers in Scotland said yesterday that they would take a responsible attitude to the pay talks and were prepared to discuss any issue related to productivity. The 5 per cent was, nevertheless, a "non-runner."

A further problem for hauliers this year might be the new EEC requirements on drivers hours, the first of which comes into force in December with half an hour's reduction in driving time.

The association said yesterday that it was still unclear on whether this, and new mileage limits to come into force in January, should be costed in relation to pay policy.

In talks with Mr. William Rodgers, the Transport Secretary, the Transport and General says it has been told that reduced hours in line with the EEC would not have to be offset against pay guidelines.

Applications for police jobs up 40%

APPLICATIONS TO join the police have risen by 40 per cent since the Government committed itself to a firm pay rise, Mr. Merlyn Rees, the Home Secretary, said yesterday.

Since the Government accepted the Edmund-Davies Report on police pay, inquiries about joining the force have doubled, he told the annual conference of the Superintendents' Association at Blackpool.

"The prospects for future recruitment, both of men and women, are promising and there is certainly no reason to reduce standards.

"The opportunity is now there to persuade those likely to have a particularly important contribution to make to such a service — graduates and others with higher educational qualifications — that the police service can offer them the career prospects they are seeking."

Mr. Rees paid tribute to the success of the police in coping with problems of public order.

He said: "No one should underestimate the considerable demands made on the police — particularly in connection with political demonstrations and marches.

"It means officers forgoing leave, changing rest days and undertaking extended duties. Most important of all, in policing such demonstrations they run the risk of personal injury."

Mr. Rees felt the independence of chief officers within the force was vital.

"There is nothing to which I attach greater importance than the independence of the police service. It will be a fateful day when the police come under political control — be it local or central."

He added: "What we have and what I want to preserve is a police service that is the servant under the law, not of a particular government, but of society as a whole."

Chapple joins TUC international forum

BY CHRISTIAN TYLER, LABOUR EDITOR

MR. FRANK CHAPPLE, the former Communist and now virulent anti-Communist leader of the Electricians' Union, has been elected to the TUC's international committee—a move that is bound to enliven internal TUC debate on relations with the rest of the world.

Mr. Chapple told the TUC at its Brighton Congress earlier this month that it was "mealy-mouthed" about repression in Russia while fierce in its condemnation of Right-wing regimes. For this he drew a public rebuke from Mr. Jack Jones, former general secretary of the Transport Workers and outgoing chairman of the international committee.

To balance Mr. Chapple's views, the selecting committee has also chosen the Left-wing Mr. Alan Sapper of the Cinema Technicians, along with Mr. Moss Evans of the Transport Workers, Mr. Geoffrey Drain of the white-collar NALGO, and Mr. Terry Duffy of the Engineers.

These elections, subject to ratification by the TUC general council today, increase the international committee's *strength by two.*

With the TUC anxious that its international committee should become more autonomous and vocal, there is considerable competition for the chairmanship.

Four likely contenders are Mr. Ray Buckton of ASLEF, the train drivers' union, Mr. Joe Gormley of the Miners, Mr. David Basnett, past TUC president, and Mr. Tom Jackson, of the Post Office Workers, his successor. It will be for the committee to elect its chairman at its first meeting.

Meanwhile Mr. Chapple, Mr. Evans and Mr. Duffy join the TUC's "inner cabinet," the finance and general purposes committee.

As already reported, Mr. Duffy has been appointed to the economic committee, and is therefore set to replace Mr. Hugh Scanlon as one of the six TUC leaders on the National Economic Development Council.

Mr. Clive Jenkins of ASTMS has also joined the economic committee after years of trying. A third vacancy has apparently not been filled.

Closed shop dismissal 'was fair'

CLOSED SHOP rebel Brian Rawlings, sacked because he refused to join a union or pay 25p a week to charity instead, was not unfairly dismissed, the Employment Appeal Tribunal ruled yesterday.

Mr. Rawlings had once been a member of the Association of Professional, Executive, Clerical and Computer Staff, but declined to rejoin when it signed a "closed shop" agreement with his employer.

An industrial tribunal decided that, under the 1974 Trade Union and Labour Relations Act, Lionweld of Middlesbrough, Cleveland, sacked him fairly and he was not entitled to compensation.

The tribunal yesterday rejected an appeal by Mr. Rawlings, of Eaglescliffe, Cleveland, against the ruling.

Last year the company signed a "union membership" agreement with the union, requiring employees to take up membership within a specified time or pay weekly sums to charity.

Mr. Rawlings — a perfectly competent clerk—was unwilling to do either, said Mr. Justice Phillips, the chairman.

Such "closed shop" agreements had to be strictly complied with, said the judge. In dismissing Mr. Rawlings, the employers had followed the procedure laid down in the agreement.

Toolroom dispute to be reviewed

By Our Labour Correspondent

THE Amalgamated Union of Engineering Workers executive is awaiting a further meeting of its East Birmingham district committee next month before reviewing the seven-week-long strike by toolmakers at BL's SU Fuel Systems factory in Birmingham.

The toolmakers, whose threatened expulsion from the union was lifted earlier this month, are still on strike and demanding that the executive supports their claim for pay parity with the Rover toolroom.

While the executive has said that it will support moves to bring forward the entire BL pay parity exercise, due for implementation by November, 1979, it has given no assurances to the SU group in isolation.

Kodak offer rejected

UNION NEGOTIATORS representing 8,000 manual workers at Kodak have rejected a pay offer within Phase Four guidelines.

The company said yesterday that it would now be discussed at the highest tier within Kodak's negotiating structure. The unions are expected to meet this week to discuss the possibility of industrial action.

Hospital staff will continue disruption

BY PAULINE CLARK, LABOUR STAFF

HOSPITAL supervisors are to continue the industrial action which has caused serious disruption to hospital services for over a week following a breakdown of talks between union leaders and employers yesterday.

The dispute over pay differentials developed last week into a clear confrontation with Government pay policy after Mr. David Ennals, Secretary for Social Services, warned that any advance on an existing salary offer would be unlikely to be acceptable.

Mr. Allan Black, national officer in the Union of Construction, Allied Trades and Technicians — one of the five unions involved — said last night that members would be asked to intensify their action.

"No one in the health service likes taking this sort of action, but we see no alternative. We have waited four years for a settlement."

The Department of Health and Social Security said that no agreement had been reached after six hours of talks.

Management had made no advance on its previous offer of new starting increases of £177-£785 under a new salary and grading structure, and the staff were told that demands amounting to a 25 per cent increase were "unacceptable."

On Monday Mr. Ennals said that the Government could avoid its direct responsibility for settlements in the public sector where it was the paymaster as in the case of the health service.

Union leaders for the 3,500 hospital works officers involved in industrial action are however challenging the application of the Government's pay policy in their dispute over differentials anomalies. They argue that the new offer already makes them a special case.

In their campaign to be made a special case, the works officers have banned stand-by duty and are restricting work on repairs to laundry, sterile supply and other machinery in the hospital service.

The five unions involved in the dispute claim that some of the works officers will be receiving less money than the craftsmen who work under them in the proposals for a new salary structure.

The new offer gives the supervisory grades salaries ranging from £4,497-£5,073, compared with £3,970-£5,073 under the existing scale. Top grade craftsmen receive a basic £3,500 which rises to £4,665 with their 33⅓ per cent bonus.

New moves to end tyre strike

NEW MOVES will be made today to settle the three-week pay strike by 340 workers at the Goodyear Tyre factory in Wolverhampton, which has laid off 600 men.

The strike, which has stopped all car tyre production, is over a pay and productivity deal.

The men will be holding a mass meeting to discuss details of talks between shop stewards and management.

New technology 'adds to print industry troubles'

PROBLEMS for management arising from photo-typesetting in national newspapers were the "most acute" difficulties facing the printing and publishing industries, the industries' training board said yesterday.

The 1977-78 report of the Printing and Publishing Industry Training Board, published yesterday, said the problems facing managements in the industry ranged from the "colossal undertakings" in the change to new technology in Fleet Street to day-to-day production difficulties in small general printers with small profits.

Mr. Owen O'Brien, chairman of the board and general secretary of the National Society of Operative Printers, Graphical and Media Personnel, said that there was "every indication" that the industries were likely to find themselves faced with hazards "for the foreseeable future."

Rising costs, fiercer foreign competition, changing production techniques and tight money controls all emphasised the need for a management armed with a wide range of managerial skills and a workforce trained to the highest standards. Employees in the industry would have to adapt to circumstances

Plessey sit-in over cuts

FIFTY PLESSEY employees, members of TASS, whose jobs are threatened, at Edge Lane, Liverpool, yesterday locked out the management in part of the central building, as well as other staff, as they began a protest sit-in.

Plessey Telecommunications said they occupied the new building which is the centre for the development of the new System X in support of about 250 employees who have been advised that unless alternative jobs can be found for them by October 6, they will be dismissed.

APPOINTMENTS

Rush & Tompkins moves

Mr. J. H. Kretschmer (chairman and managing director of Reed and Mallik) is appointed a director of RUSH AND TOMPKINS GROUP responsible for the entire civil engineering division. Mr. M. Whatley is appointed local managing director of Reed and Mallik Limited (south west region).

Mr. P. J. Trew is to become chairman of Rush and Tompkins Homes with Mr. A. Watson remaining as managing director. Joining the Board on their appointment as directors will be Mr. D. S. Ferguson and Mrs. Anne Cooper.

Mr. G. Bushby is appointed a director and general manager of Yorkshire Homes, the group's timber products company.

The statutory secretarial matters of the group are being centralised and Mr. P. G. Watson (the group secretary) is appointed secretary of most of the operating subsidiaries. He is also to become a director of BEWT (water engineers), the group subsidiary specialising in the treatment of industrial effluent.

All appointments are effective from October 1.

★

Dr. Alan Wickens has taken over as BRITISH RAIL'S director of research but will combine his new function with his existing position as director of laboratories at the railway research centre in Derby. He is one of the world's leading authorities on high-speed rail transport technology.

★

At TEHIDY MINERALS, Mr. O. S. Straus (chairman), Mr. M. V. Hodin, Mr. J. C. Pinchard and Mr. N. D. Thomas have all resigned following the takeover by South Crofty. Mr. H. R. M. Hodding and Mr. V. E. Skinner have been appointed to the Board. Mr. Hodding is chairman and Mr. G. F. Lloyd managing director.

★

Saudi Arabian Ambassador Fadhil Kelry Kabbani has been elected chairman of the INTERNATIONAL ATOMIC ENERGY AGENCY'S board of governors for the 1978-79 period. Mr. Achille Albonetti of Italy and Mr. Gyoergy Osztrovszki of Hungary were elected vice-chairmen.

★

Mr. B. L. Stiles, works director of ACE MACHINERY (HOLDINGS), ACE Machinery and William Jones (Chemical Engineers) retires on September 30 after 44 years with the company. Mr. C. W. King succeeds him as works director of the three companies.

★

Mr. David White has been appointed to the Board of JOHN HADDON AND CO. from October 1. He is marketing and research director of the company.

★

Mr. T. Lewis who until last year was sales and marketing director of SCOTTISH and NEWCASTLE BREWERIES, is retiring this month.

★

Mr. Antony Barker relinquishes his post as managing partner of TYZACK & PARTNERS and remains as chairman. Mr. P. T. Prentice has been appointed managing partner. Mr. Prentice joined Tyzack from the Ford Motor Company in 1969 and became a partner in 1971.

★

Mr. James B. Corcoran has been appointed managing director of ADAMSON CONTAINERS, Reddish, Stockport, an Acrow Group company. He has been deputy managing director since the company was established some three years ago.

★

Mr. David Wilson has been appointed secretary of THE BRITISH LAND COMPANY from October 1.

★

Following the acquisition of 76 per cent of the equity capital, Amalgamated Metal Corporation is now a subsidiary of PREUSSAG A. G. The following have been appointed to the Board of AMC. Dr. Gunther Sassmannshausen, chairman of the executive, board of Preussag; Mr. Jorg Stegmann, member of the executive board of Preussag; Mr. Jorg Junke, corporate director and chief accountant of Preussag; and Dr. Rudolf Muller, director of purchases and sales of Preussag's metals division.

★

Mr. Geoffrey Hulse has been appointed to the new post of deputy director of the NOTTINGHAMSHIRE CHAMBER OF COMMERCE and INDUSTRY, from January 2.

★

Mr. Barry Lello has been appointed by the Department of Trade as director of the SAUDI-BRITISH ECONOMIC CO-OPERATION OFFICE in Riyadh. He succeeds Mr. Peter Corley who has returned to the Department. The Economic Co-operation Office in Riyadh was set up under the auspices of the Saudi-British Joint Economic Commission to facilitate day-to-day contact with Saudi Arabian Government departments and public authorities located in Riyadh. Mr. Lello will be able to offer advice and assistance to British businessmen visiting Riyadh, particularly those wishing to call upon public sector organisations.

★

Mr. J. H. C. Leach will join FIDELITY MANAGEMENT AND RESEARCH (U.K.) as an executive director on November 1. This company is the London affiliate of Boston-based investment managers.

★

HY-TEN REINFORCEMENT CO. has appointed Mr. Trevor J. Blick to the main Board as joint managing director. Mr. Blick was formerly sales and marketing director of National Carbonising Group — engineering division.

★

Mr. Alan G. Crisp, has resigned from the board of Hartley Industrial Trust and has commenced trading as CRISP AND CO. Chartered surveyor. He will continue as a director of Bank and Commercial Holdings.

APPOINTMENTS

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LEGAL NOTICES

THE COMPANIES ACT, 1948

In the Matter of COURT LEATHER MANUFACTURING CO. LIMITED. Registered Office: 161 Clarence Gate Gardens, London, N.W.1. Nature of Business: SKIN & HIDE PRODUCTS. Winding-up Order made 14 September 1978. Date and place of first meetings: Creditors 11 October 1978, at 11 a.m.; Contributories 11 October 1978 at 11.30. Both meetings to be held at The Official Receiver's Office, Pearl Chambers, East Parade, Leeds LS1 5BX.

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CHANDE GALLERY, 6, Cork St., W.1. 01-734 4626. Recent Paintings and Sculptures by W. F. ZAG. 26 Sept.-21 Oct. Mon-Fri. 10-5.30. Sats. 10-1.

FINE ART SOCIETY, 148, New Bond St., W.1. 01-629 5116. CHARLES RENNIE MACKINTOSH. Also Scottish Painting 19th-20th Century.

J.P.L. FINE ARTS, 24, Davies Street, W 1. 01-493 2630. JULIAN COOPER recent watercolours. Sept. 12-Oct. 6. Mon.-Fri. 10-6.

SLOANE STREET GALLERIES, 158, Sloane St., W.1. Modern paintings, sculptures and graphics by interesting International artists. Wide range of prices. Tues.-Fri. 10.00-5.00. Sat. 10.00-1.00.

THE FRASER CARVER GALLERY, High St., Thames Ditton, Surrey. 01-398 7860. Until Oct 8th Watercolours by KATHARYN BUNTING. Tues.-Sat. 10-5 30. Suns. 2 30-5.30.

THACKERAY GALLERY, 18 Thackeray St., Kensington Sq., W.8. 01-937 5883. PETER HIBBARD—Sculpture. Until 13 October.

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Holders in the above mentioned issue are hereby informed that the bonds of UA 1,000.- and UA 250.- ending with the digit "2" will become due and payable at par on or after November 18th, 1978 and have to be *presented for payment at the offices* of the paying agents set forth in the prospectus.

Furthermore, it is recalled that the results of the previous drawings by lot were as follows:

November 18th, 1969	digit "8"
November 18th, 1970	digit "3"
November 18th, 1971	digit "0"
November 18th, 1972	digit "9"
November 18th, 1973	digit "7"
November 18th, 1974	digit "1"
November 18th, 1975	digit "4"
November 18th, 1976	digit "5"
November 18th, 1977	digit "6"

BANQUE INTERNATIONALE A LUXEMBOURG
Société Anonyme

Luxembourg,
September 27th, 1978

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société anonyme
Registered Office:
Luxembourg, 14, rue Aldringen
Registre de Commerce B no 9.218

DIVIDEND ANNOUNCEMENT

The 117 Group Fund S.A. will pay a 10 cents US interim dividend per share on or after September 26th, 1978 to holders on record at close of business September 25th, 1978.

The dividend is payable to holders *of bearer shares against presentation* of coupon number 12 at:
— Banque Générale du Luxembourg, S.A.
LUXEMBOURG
— Midland Bank Limited
International Division
Suffolk House
LONDON EC4 0EU

The Board of Directors.

30,000,000 EUROPEAN COMPOSITE UNITS
EUROPEAN INVESTMENT BANK
8¼% BONDS OF 1973. DUE 1988

NOTICE IS HEREBY GIVEN that the amount to become due against Coupon No 5 dated September 27, 1978 from the above Bonds is DM 220.277 per Coupon, or, in the case of Coupons in *respect of which a valid selection of* another currency of payment has been made, Doll US 112.596 per Coupon. Furthermore as no Bond was purchased during the period September 27, 1977 to September 26, 1978 the amount outstanding remains Eurco 29,167,000.

EUROPEAN INVESTMENT BANK.

JAMES WALKER
GOLDSMITH & SILVERSMITH LTD.

NOTICE IS HEREBY GIVEN that the Transfer Books of the Ordinary and Non-Voting Ordinary shares will be closed from 6th October to 23rd October 1978, both dates inclusive, for payment of a Final Dividend on 3rd November 1978.

J. S. CUSHINE, Secretary.

GRANGES AKTIEBOLAG

Copies of the Interim Report dated September 1978 are now obtainable from:
S. G. WARBURG & CO. LTD.,
Coupon Department,
St. Albans House,
Goldsmith Street,
London, EC2P 2DL.
27th September, 1978.

INTERNATIONAL DEPOSITARY RECEIPTS REPRESENTING SHARES PAR VALUE $2.50 COMMON STOCK
J. P. MORGAN & CO. INCORPORATED

A cash distribution of $0.55 per *Depositary Share will be payable on and* after the 20th October, 1978, upon presentation of Coupon No. 32 at:—
Morgan Guaranty Trust Company of New York,
23, Wall Street (Corporate Trust Department), New York.
35, Avenue des Arts, Brussels.
33, Lombard Street, London.
82, Frankrijklei, Antwerp,
at the designated rate, less applicable taxes.

This distribution is in respect of the *regular quarterly dividend payable on the* common shares P.V. $2.50 J. P. Morgan & Company Incorporated on the 13th September, 1978.

NOTICE OF REDEMPTION

To the Holders of

Comalco Investments Europe S.A.

9½% Collateral Trust Bonds Due 1985

Issued under Collateral Trust Indenture dated as of November 1, 1970

NOTICE IS HEREBY GIVEN that pursuant to the provisions of the above mentioned Indenture, $1,000,000 principal amount of the above described Bonds has been selected for redemption on November 1, 1978, through operation of the Sinking Fund, at the principal amount thereof, together with accrued interest to said date, as follows:

BONDS OF $1,000 EACH

M-2	1105	2305	3589	4673	6255	7544	8642	9435	10285	11174	12121	13331	14474	15722	17203	18303
13	1116	2316	3666	4878	6266	7616	8643	9440	10287	11196	12164	13357	14476	15727	17230	18321
20	1188	2330	3668	4887	6269	7621	8676	9451	10293	11198	12175	13417	14505	15741	17284	18363
67	1210	2350	3687	4888	6280	7622	8694	9464	10304	11216	12325	13418	14510	15765	17288	18398
92	1219	2365	3723	4891	6308	7649	8712	9475	10310	11249	12329	13445	14537	15805	17308	18421
123	1242	2373	3828	4902	6330	7652	8725	9501	10353	11263	12358	13490	14546	15816	17312	18436
130	1247	2396	3852	4924	6332	7705	8749	9503	10358	11285	12367	13496	14549	15820	17318	18480
162	1248	2421	3899	4929	6348	7711	8755	9537	10374	11303	12397	13500	14554	15848	17320	18500
186	1311	2445	3904	4959	6354	7728	8767	9553	10378	11314	12416	13529	14572	15850	17383	18511
246	1314	2468	3922	4961	6426	7750	8779	9555	10418	11330	12420	13533	14576	15910	17414	18618
254	1319	2498	3925	5005	6444	7778	8804	9584	10425	11336	12426	13582	14579	15931	17416	18629
260	1337	2506	3940	5026	6479	7810	8816	9590	10434	11353	12440	13584	14602	15944	17477	18661
262	1366	2508	3979	5044	6509	7818	8824	9611	10455	11411	12444	13585	14627	15978	17492	18662
315	1386	2572	3983	5084	6513	7842	8832	9617	10457	11412	12487	13643	14635	15992	17504	18665
382	1392	2600	3993	5096	6544	7843	8846	9627	10474	11445	12488	13659	14638	15994	17505	18925
384	1394	2610	4036	5130	6589	7845	8872	9659	10479	11458	12489	13665	14650	16156	17513	18995
391	1457	2640	4037	5136	6617	7851	8887	9669	10501	11467	12515	13685	14661	16176	17526	19145
423	1463	2665	4042	5140	6762	7890	8891	9711	10519	11468	12530	13700	14686	16200	17540	19146
446	1479	2674	4084	5176	6763	7892	8908	9718	10538	11474	12572	13753	14693	16228	17584	19180
452	1496	2675	4110	5207	6779	7916	8918	9727	10556	11479	12594	13770	14717	16238	17585	19182
473	1511	2694	4114	5212	6804	7931	8952	9730	10580	11527	12618	13788	14718	16274	17589	19205
513	1524	2705	4126	5216	6832	7939	8959	9752	10587	11530	12630	13799	14750	16288	17626	19211
564	1539	2708	4142	5229	6852	7955	8973	9784	10589	11535	12631	13807	14753	16291	17628	19269
568	1550	2735	4153	5232	6855	7971	8981	9798	10628	11553	12643	13855	14758	16339	17638	19288
586	1553	2790	4172	5249	6863	7980	8984	9807	10635	11554	12657	13879	14766	16370	17666	19305
602	1573	2814	4183	5298	6871	7982	8998	9816	10673	11586	12687	13888	14807	16400	17677	19325
614	1577	2825	4196	5322	6883	8014	9001	9863	10675	11589	12688	13892	14850	16426	17698	19358
653	1600	2851	4234	5352	6914	8030	9046	9880	10701	11610	12704	13933	14868	16458	17700	19427
654	1630	2860	4244	5365	6952	8039	9055	9881	10708	11615	12723	13947	14896	16478	17714	19443
657	1656	2871	4262	5385	6960	8048	9061	9882	10711	11641	12743	13952	14899	16506	17719	19445
660	1685	2875	4299	5427	7080	8096	9087	9883	10726	11642	12754	13980	14908	16516	17737	19454
670	1691	2902	4320	5429	7102	8097	9088	9884	10743	11678	12755	13982	14959	16519	17755	19497
672	1711	2948	4379	5445	7115	8117	9108	9890	10746	11717	12788	13987	14987	16565	17769	19508
673	1763	2971	4393	5460	7139	8129	9114	9892	10769	11721	12789	14006	15005	16580	17780	19534
710	1792	3003	4412	5523	7160	8131	9117	9896	10771	11730	12796	14023	15015	16635	17811	19548
711	1802	3010	4417	5524	7184	8138	9120	9913	10777	11736	12814	14037	15023	16649	17829	19598
737	1805	3059	4418	5550	7189	8149	9127	9954	10786	11740	12820	14046	15069	16675	17831	19615
738	1873	3067	4433	5568	7194	8175	9129	9974	10793	11746	12823	14068	15082	16676	17835	19627
758	1879	3085	4473	5594	7224	8214	9144	9987	10798	11751	12836	14087	15101	16739	17845	19639
780	1915	3104	4493	5606	7258	8215	9186	9993	10832	11759	12848	14093	15120	16740	17849	19642
787	1921	3110	4496	5622	7268	8237	9221	9996	10842	11799	12891	14104	15129	16817	17873	19649
788	1967	3126	4502	5630	7290	8244	9231	10003	10865	11840	12924	14132	15142	16828	17918	19718
796	1972	3128	4521	5644	7293	8278	9233	10024	10878	11845	12928	14162	15167	16856	17931	19727
809	2003	3194	4560	5654	7315	8293	9253	10059	10882	11846	12934	14196	15203	16867	17957	19745
813	2021	3205	4586	5686	7365	8297	9254	10073	10914	11853	12948	14211	15219	16893	18009	19761
823	2060	3238	4594	5704	7371	8317	9284	10090	10919	11863	12979	14219	15246	16912	18011	19816
854	2083	3256	4592	5728	7373	8326	9291	10095	10980	11865	13001	14228	15283	16956	18032	19834
867	2098	3298	4606	5760	7394	8334	9306	10103	11007	11873	13129	14239	15295	16957	18033	19838
923	2110	3301	4633	5775	7398	8428	9319	10107	11009	11892	13174	14248	15339	16969	18050	19840
929	2144	3306	4638	5825	7404	8434	9331	10128	11027	11897	13179	14280	15360	17020	18064	19845
938	2146	3384	4668	5867	7413	8490	9335	10130	11046	11956	13195	14304	15378	17022	18101	19894
941	2151	3392	4698	5872	7426	8494	9336	10185	11071	11960	13207	14335	15393	17027	18106	19931
959	2183	3409	4701	5881	7463	8497	9349	10196	11097	11969	13208	14340	15588	17040	18141	19937
973	2201	3450	4720	5891	7464	8501	9354	10199	11098	11987	13221	14372	15608	17080	18147	19945
993	2219	3460	4751	6093	7499	8505	9382	10208	11111	12030	13274	14387	15615	17081	18182	19988
1029	2253	3484	4791	6098	7502	8548	9383	10236	11123	12038	13293	14393	15620	17127	18206	19994
1043	2270	3514	4819	6116	7509	8572	9388	10254	11156	12053	13314	14398	15637	17130	18267	
1077	2286	3563	4823	6117	7524	8579	9404	10260	11158	12113	13322	14410	15677	17152	18268	
1096	2302	3564	4832	6142	7533	8587	9414	10274	11171	12119	13323	14425	15709	17193	18286	

On November 1, 1978, the Bonds designated above will become due and payable as aforesaid in such coin or currency of the United States of America as at the time of payment shall be legal tender for public and private debts. Said Bonds will be paid, upon presentation and surrender thereof with all coupons appertaining thereto maturing after the redemption date, at the option of the holder either (a) at the **Corporate Trust Office of Morgan Guaranty Trust Company of New York, 30 West Broadway, New York, New York 10015**, or (b) subject to applicable laws and regulations, at the main offices of Morgan Guaranty Trust Company of New York in Brussels, Frankfurt (Main), London, *Paris or Zurich*, or Banca Vonwiller & C. S.p.A. in Milan, or Banque Générale du Luxembourg, S.A. in Luxembourg, or European-American Bank & Trust Company in New York City, or Deutsche Bank Aktiengesellschaft in Frankfurt (Main). Payments at the offices referred to in (b) above will be made by a check drawn on, or by a transfer to, a United States dollar account maintained with a bank in the Borough of Manhattan, The City of New York.

Coupons due November 1, 1978 should be detached and collected in the usual manner.

On and after November 1, 1978 interest shall cease to accrue on the Bonds herein designated for redemption.

COMALCO INVESTMENTS EUROPE S.A.

Dated: September 27, 1978

NOTICE

The following Bonds previously called for redemption have not as yet been presented for payment:

M-16 5628 5632 5640 7788 11037 12004 14332

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

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● ENERGY

...onger range for ...attery vans

...STANTIAL increases in the ...operating ranges of battery-...ered vehicles such as the ...e Silent Karrier have been ...e possible through a ...lopment programme which ...resulted in the production of ...parately excited drive train, ...r and controller system, ...ned by the motive power ...ets group of Chloride Tech... in conjunction with ...ence, Scott and Electro...rs, and Cableform.

...is new drive train is being ...into some 70 Silent Karrier ...wt urban delivery vehicles, ...loped by a consortium of ...ride Technical, the National ...ght Corporation and Chrysler ...and being constructed at the ...r's Dunstable plant.

...e new drive train replaces ...series-field motor earlier ...ons used and eliminates ...current surges in the low-...d part of the driving cycle. ...result is a great saving of ...d power and an increase in ...vehicle's daily operating ...e of a significant 20 to 25 ...ent.

...ming in the form of a totally ...rated package with the ...ry and vehicle the system ...porates a controller which ...two circuits; one operating ...igh power and controlling ...armature and a low-power ...controlling the field.

...operation, the armature con...er is employed to provide a ...ant torque to build up ...r output from the motor to ...e-set maximum level at a ...d of 10 to 15 mph. Once ...ired output power is ...ved the lower power field ...oller is then used to control ...motor output up to its maxi... level.

This mode of operation means that power output of the motor is about constant over the 15-40 mph bracket and while suppression of power surges increases battery efficiency, efficiency of the drive train itself is raised by reduction in the current pulsing to the motor and the fact that the armature power controller can be bypassed most of the time.

Production Silent Karriers, powered with a prototype high energy battery and the new drive train have a daily range round the City of better than 50 miles. The early model of the vehicle with standard batteries and the series-field motor does around 35 miles.

With the impending take-over of Chrysler UK by the Peugeot Group, the future of the Silent Karrier project, which is benefiting indirectly from Government aid, is open to some speculation.

In the London Goes Electric programme for the introduction of Silent Karriers in the metropolis, backed by the GLC, some £400,000 of DoI money is involved. But the original project is a Chloride-Chrysler-National Carriers venture pure and simple.

Interesting is the fact that Peugeot itself has a light electric van project comparable to Silent Karrier and, so far as can be ascertained, there is no indication that the French giant would have any reservations on the considerable importance of accelerating the development of economic electric drive systems pending the emergence of such high power storage systems as sodium-sulphur batteries.

Chloride Technical, Wynne Avenue, Swinton, Manchester M27 2HB. 061-793 5000.

● VIBRATION

Predicting trouble in the field

VIBRATION analysis and balancing equipment for rotating machines and shaft systems, tested with excellent results at ASEA's production facilities for large turbo-generators, is being taken on the road. Field service versions of the equipment have been installed in Volvo rough terrain trucks.

Both mechanical and electrical disturbances in a rotating system lead to increased vibrations. Large drives for pumps, compressors, etc., can be provided with vibration sensors, which are regularly monitored to check whether any changes have occurred in the system.

The ASEA system has already aroused considerable interest outside Sweden and a service contract has been signed with the Arabian American Oil Company Saudi Arabia. Among the machines to be serviced under the terms of this agreement are about 50 large ASEA motors driving pumps and compressors in AA's facilities.

A minicomputer forms the heart of the equipment. Results of the measurements and analyses are presented on a video display unit or a line printer. Servicing involves mainly the regular acquisition and analysis of vibration data from rotating machines—approximately 100,000 values on each measuring occasion—and the analysis and investigation of vibration problems as well as the balancing of both rigid and flexible rotors.

With this new field servicing it is possible to obtain information about incipient faults in good time before a critical stage is reached and to take the necessary preventive measures. This will reduce downtimes and servicing costs.

ASEA Group, Villers House, 41 Strand, London WC2N 5JX 01-930 5411.

The equipment shown in use here, known as the Harwell laser interferometer and designed for industrial vibration measurement, is being used by B. and W. Loudspeakers of Worthing, Sussex, to determine the relative outputs of different portions of loudspeaker diaphragms and so help develop new profiles, materials and assembly techniques. More information about the possible applications for this equipment can be obtained from Dr. J. H. Speake, Building 521, AERE Harwell, Oxfordshire OX11 0RA.

● PROCESSES

Wood waste into fuel

A NEW process for drying bark and other wood waste, developed in Sweden by AB Svenska Fläktfabriken, increases the net heating value of the material by between two and three times, and will, it is believed, make one of the forest industry's largest potential resources very much more attractive as a fuel. Patents have been applied for and the technology will be available for licensing.

In the new process, raw bark, normally having a water content of around 60 per cent, is dried in a stream of hot gas and simultaneously ground in a mill, to form a fine, uniform powder with a residual water content of only 10-15 per cent. This powder can be used directly in burners for pulverised fuel. Any form of wood waste, and also peat, may be treated in the same way.

In one arrangement suitable for boilers in the pulp industry, exhaust gases are used as the drying medium, and the pulverised material produced is fed back to the boiler as fuel. Need for auxiliary fuels (oil, gas or coal) is completely eliminated, and the overall thermal efficiency of the boiler/drier combination can be raised to around 90 per cent, as against a typical value of about 85 per cent for a conventional wet-bark boiler.

Powdered fuels produced by the process may also be burned in lime-kilns, and in horizontal-cyclone burners such as are used for example, in roller-driers for boards. Alternatively, they can be pelletised for convenient storage and transport. The pellets can be burned as such in boilers having grates, or can be fed to a gasifier to fuel gas-fired boilers or driers.

Fläktfabriken, S-351 87 Vaxjo, Sweden.

● CONSTRUCTION

Excavator for tight corners

SMALL dimensions of an hydraulic excavator make it suitable for work in places where space is limited.

The relatively long load-bearing section of the caterpillar tracks (170 cm per track) and the low centre of gravity give the machine a high degree of stability. The large bearing surface of the tracks also results in a low ground pressure which makes the excavator particularly well suited for use on irregular or wet terrain.

Operation of the excavator is similar to that of larger models. There are two leavers for traction and two for excavating and manoeuvring. The machine is provided with an over-dimensioned turning ring with a continuous turning range of 360°.

The excavator can be supplied with a deep shovel and/or a grab.

In the standard version the machine is supplied with a double pump for a separate hydraulic system so that two functions can be carried out simultaneously.

An additional pump is provided to allow certain movements (transport, excavator arm) to be carried out at a higher speed.

Vermeer Holland BV, Postbus 20, 2130 AA Houfdorp, Holland.

● CALCULATORS

Plays back the sums

A CALCULATOR in which entered computation chains can be edited is offered by Texas Instruments and allows the last 20 entries to be "played back."

TI-2550-IV is a robust general purpose hand held machine with the usual four arithmetic functions together with a percentage key, sign change key and a full-function memory. A large eight digit vacuum fluorescent display is employed.

The replay facility is activated by pressing a single key, and a back step key allows the user to step through calculations in reverse. The user can stop at any point and make a correction by keying in the new entry and pressing the "equals" key.

Texas asserts that the unit offers most of the facilities of calculators with printing built in but at a lower cost (£20.95) and without the inconvenience of paper rolls.

Operation is from a rechargeable battery pack; an AC adaptor/charger and carrying case are included in the price.

More from the company's European Consumer Division, Manton Lane, Bedford MK41 7PA (0234 63181).

● INSTRUMENTS

Towards a new breed

ACCORDING TO the Sira Institute it is likely that the proportion of instrumentation implemented in digital form will rise from the present level of 15 per cent to the order of 50 per cent by the mid 1980s.

That being the case, much work will have to be done in training instrumentation designers and engineers, establishing sound concepts for the design of microprocessor based instruments, and in overcoming process industry reluctance to adopt new and unproven equipments.

Sira is, therefore, undertaking a programme of work aimed at accelerating the proper use of the micro in process instrumentation. The attack will be three-pronged: conferences, seminars and training courses; the development and proving of new LSI and micro-based instrumentation by experimental application work; and providing specific assistance to individual companies under consultancy and development contracts.

The new breed of instruments to emerge will, believes Sira, self-calibrate and self-check themselves, listen and talk to both people and computers, and be more economical to instal and manufacture.

Sira is at South Hill, Chislehurst, Kent (01-467 2636).

● COMMUNICATION

On Europe's public data networks

EURODATA FOUNDATION, the research and publishing body, set up by the 17 telecommunications authorities within CEPT (The European Conference of Posts and Telecommunications Administrations) has published the second edition of "Public Data Networks."

In A4 format and containing 248 pages, the book covers for each country, in English and French or German, all the public services by which data can, or will be able to be sent within the next few years. These include circuit switched and packet switched services, message switching, leased fixed connections, international interworking and Euronet.

According to the figures given in the survey in Europe there could be by 1982 more than 80,000 digital data terminals of all kinds of which more than two-thirds will be circuit-switched.

Twelve countries have or are planning circuit switched services by 1982 and 11 have no plans for packet switching.

The survey, which costs £10, is available from Eurodata Foundation, Lutyens House, Finsbury Circus, London EC2M 7LY (01-432 5158).

● MACHINE TOOLS

...anish ...inders ... UK

...UBSIDIARY of Kef-Motor ...Aalborg, Denmark, has been ...ched in the UK to market ...rical grinding machines and ...lated equipment. The range ...des small bench grinders, ...grinders, heavy-duty grind... machines for foundry use, ...stal drilling machines, ...hing machines and dust ...ctors.

...in sales efforts are initially ...concentrated on the 5 in ...EX 125 bench grinder for ...y and home use, a 5 in light ...strial bench grinder and the ... and 8 in industrial bench ...lers.

...re from the KEF agent at ...ey Works, Lingard Street, ...lem, Stoke-on-Trent ST6 1EE ... 813535).

● DATA PROCESSING

An end to plane paper

IT MUST be a little known fact that the documents that have to be carried by many commercial aircraft covering technical and maintenance matters can amount to more than the weight of one paying passenger.

Since this obviously reduces the operational efficiency of the aircraft British Caledonian has decided to reduce its 110 kg of airborne paper to a mere couple of kilos by committing everything to microfilm and equipping each aircraft with a lightweight rear projection viewer.

The airline records the documents on 16mm film which is then put into cassettes by Microfilm Reprographics of London. An associated company supplies the Utamat 101R viewer which is housed in a briefcase with the cassettes: the screen is in the lid and the unit is easily stowed in the cockpit.

Flight engineers will be able to refer to information in flight by clipping in a twin cassette holding up to 4000 images. Film can be moved at nearly 7 ft/sec and the cassette can be removed and replaced by another without rewinding. Rechargeable battery operation is available. More from the company at 5 Glasshouse Yard, London EC1A 4JN (01-251 4045).

Experiment in retail store

SWEDA, WHICH has had point of sale equipment in on an experimental basis at one of Boot's large stores in Sheffield since 1975, has provided further equipment for a short trial using the universal product code (UPC) at one of the smaller branches.

Sweda says that this is the first "live" use of UPC in the UK and the check-out terminals with UPC reading systems are connected by land line to the main experiment.

Boots has marked 400 own brand and other lines with UPC labls but these contain only the identification number: the price is held on the minicomputer in the main store and is transmitted back to the terminal for customer display.

The experiment will continue to the end of the Christmas trading period and will then be stopped, all the stores reverting to electronic cash registers.

Boots director Mr. A. Ridley-Thompson says that there will then be a period of careful assessment of the results accumulated since 1975 and a decision—unlikely to be arrived at inside a year—about how to proceed in the 1,200 branches.

● EXHIBITIONS

Products on show at Brighton

A RANGE of products, including dry reed, mercury wetted contact and crystal can relays, and solid state proximity switches, from Associated Automation, will be exhibited on stand 1721 at this year's Internepcon Exhibition at the Metropole Hotel, Brighton, October 17-19.

The company's display will be highlighted by a model of the British Aerospace Harrier Jump Jet aircraft, indicating the important role that crystal can relays play in today's modern military aircraft.

More on 01-459 8070.

Acrow gets £10m world orders

DURING THE first few days of the two-week Acrow World Convention 1978, held at Kempton Park racecourse, orders worth over £10m were won, says the company.

Adamson Containers, part of the group, secured orders for dry cargo containers worth £5m from customers in the Middle East, U.S. and UK; E. H. Bentall took £½m overseas orders for coffee processing plant; Coles Cranes registered £970,000—half of it for export; and Priestman Brothers booked £1½m, including an order for excavators worth nearly £1m for Ireland.

Over half of the 2,000 visitors were from overseas and, noting that after the last convention in 1975 the company's exports jumped from £34m to a record £87m in 1978, the company expects that overseas sales will reach £100m in 1979.

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LOMBARD

Some queries on Budget deficits

BY SAMUEL BRITTAN

WHEN THE Chancellor decided to budget for a public sector borrowing requirement (PSBR) of £8.5bn in 1978-79, compared with an outturn of £5.7bn the previous year, there was a feeling that he was taking a bit of a risk. When after the passage of Opposition amendments the PSBR looked as if it would be larger still, sterling and gilt-edged began to sag and the financial markets did not really recover until the June package designed to rectify the revenue loss. Even now one still hears the view that the PSBR is "too high."

On the other hand many economists have long believed that the PSBR is overstated. The most usual ground is that policy-makers ought to look at the "full employment" or "cyclically corrected" PSBR. This is because, in a recession, the PSBR widens automatically as a result of revenue shortfalls and increased spending on unemployment benefit; for opposite reasons it contracts in a boom. These influences should, it is argued, be eliminated to give a true measure of fiscal policy.

Professor Robert Neild of Cambridge is completing a book on the subject. But the concept of a cyclically adjusted PSBR has been used by monetarists as well as Keynesians. The main difficulty is the sharp controversy about what "full employment" really is nowadays. This should not affect quite so much calculations of the *change* in, as distinct from the level of, the adjusted PSBR.

More recently an entirely different criticism has been made by Mr. John Flemming of Nuffield College based on the treatment of debt interest. The starting point is the effect of inflation on the real yield of Government securities. In the best of circumstances the greater part of, say, a 10 per cent nominal yield will be offset by inflation; and on occasions it will be more than offset, giving a negative real yield. The cost of servicing the debt to the Government can hardly be greater than the real yield to the bondholders; and if the latter is overstated, so is the former.

The simplest way of calculating the inflation tax on holders of *Government debt would be to* multiply the value of that debt by the inflation rate. Yet this leads to an exaggerated and volatile effect. Mr. Flemming's procedure is to assume that holders of Government debt expect a real interest yield of 2 per cent over the long run and will not be too much influenced by temporary fluctuations. In that case the excess of their nominal interest receipts over the product of a 2 per cent yield represents compensation for the erosion of their capital by inflation. It also represents the amount by which the interest element in the PSBR is overstated.

What follows from all this? It is not very clear in the absence of a theory of what the correct level of what the PSBR ought to be.

There are moreover some paradoxical implications of the inflation correction. If the financial markets believed that inflation was about to vanish, the market value of the National Debt would shoot up and the "true" PSBR would rise. Should we then need a restrictive budget? And should we need an expansionary budget if a Weimar-type monetary inflation made the National Debt worthless?

One is left with the vague conclusion that the right level of the PSBR is the one that can be financed without excessive Government borrowing from the *banks and at a tolerable rate of* interest. Awareness of the erosion of the real value of debt holdings would have made people less surprised by the high savings ratio of recent years and with *the ease of financing historically* high budget deficits. But a glance at the table does not suggest that this is so in any precise year to year sense—the fiscal difficulties of 1974 and 1975 would have *been overstated by the corrected* figures and those of 1976 understated. Perhaps the main lesson is to avoid dogmatism and not be surprised by what happens.

PUBLIC SECTOR BORROWING REQUIREMENT, CORRECTED FOR INFLATION

£bn

	Mkt. value of Govt. Debt*	Interest Payment	Inflation Element†	PSBR	Corrected PSBR‡	% Corrected PSBR as percentage of GDP
1972	23.6	1.6	1.1	1.8	0.7	1.4
1973	21.4	1.8	1.3	3.5	2.2	3.9
1974	19.8	2.1	1.7	6.2	4.5	7.1
1975	25.0	2.7	2.2	9.3	7.1	8.9
1976	33.3	3.6	3.0	9.6	6.6	6.8
1977	44.0	4.4	3.5	7.1	3.6	3.2

* Central Government and nationalised industries only.
† Interest payments minus 2 per cent of market value of National Debt.
‡ PSBR minus inflation element.

Tulips, Marvell and moles

GARDENS TODAY

BY ROBIN LANE FOX

THIS PAST month, I have been planning my tulips for the next *season's bedding out. Are the* broken colours of a Rembrandt Mixture tolerable or not? I happen to like them in their browns and yellows, curious purples and those combinations which you would only find elsewhere in a mixed roll of children's plasticine. Groups of ten Rembrandt tulips go a long way. For a larger planting, I look to the Lily-flowered section first of all. Golden Duchess, Captain Fryalt and the tall White Triumphator: these are marvels of the tulip-catalogues, still a reasonable buy for flowers of such an elegant shape.

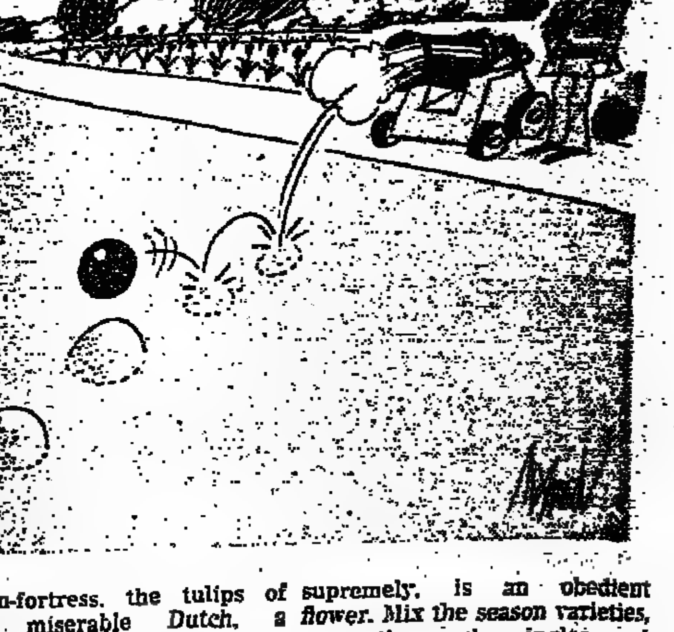
Marvels indeed, they also make me think of the poet Andrew Marvell whose tercentenary is being pleasantly celebrated during this month at the British Museum. The show is worth a visit. Of Marvell himself there is much to be said, a poet of genius who advanced under Cromwell, sat in Parliament and ended, to my *taste, by proving that poetry and* parliamentary business are not a pair which run in harness. What we know of him is well enough set out in the British Library's exhibition. But I remind you of him here because his poems also stand out among the garden literature of the seventeenth century. He used the garden as a theme but not so as to tell us how to grow it in verse.

Allusively he linked the flowers, grass-meadows, herb-parterres of the 1650s with metaphors of life, the soul, religion and love. But among those mischievous "green thoughts in a green shade," none is more memorable than his frequent views of tulips. Whenever I visit a good tulip-garden or ponder the tulip-catalogues once yearly, on a September weekend, it is not long before Marvell comes to mind. I picture him surveying the Yorkshire garden of old Lord Fairfax whose daughter, Maria, he had been asked, to his cost, to attend as a tutor. In his tercentenary year, I will try to pass the picture on.

Lord Fairfax had been a soldier. Now, military men will often show a firm and practical taste in their gardens. There are hillsides bequeathed to us by mid-Victorian colonels which have been set with battalions of trees, matching the firing-lines of famous victories won in the Crimean War. There may well be a connection between deftness with the pruning hook and *skill with the sabre in earlier* life. Why, only last week I was admiring the ingenuity of a secret warhead placed on the edges of an ex-major's lawn. It is top *brass's answer to the* mole. You know the problem. Moles, outside MI5, are rather lovable. Topvil Fuses would be too rough on those "gentlemen *in brown velvet" if the fuses* worked as they ought to. But when a line of mole-hills, runs from rough grass out into a lawn, it is a menace which has to be stopped. The military mind has the answer. If you judge the mole's *line* of approach to the lawn by the sequence of his hills, retire to the drinks tray and choose your weapon. Choose an old soda or tonic bottle without its lid and bed it bottom up at the lawn's edge. Place it in line with the mole's angle of approach. Dig the bottle into the run where the next hill would otherwise be likely to spring up. The mole will approach, but as he delves his way forward, he will hear the echo of his digging in the empty bottle. The noise will *persuade him to withdraw,* without a shot being fired. Back he will go, by gentleman's agreement, behind the Berlin Wall of your rough unmown *grass. Once a gin and tonic* had been emptied in the officer's mess, there was never a mole to be found on a major's lawn.

I dare say Lord *Fairfax* had no soda-water bottles to hand, if he was bothered with moles. But Fairfax's military career was lived over again in his garden. The parterre of his Yorkshire seat was designed to his orders in the style of a military fort. On one side lay the ruins of a nunnery; beyond, the *groves and grass, mown by* scythes in season, which made up a natural meadow-landscape. Already, around 1650, the first notes are sounded in the appreciation of natural meadow-gardens, the great theme of the later Georgian country parks. At Appleton House, Marvell has nearly jumped the fence and seen for the first time that nature and her seasonal attendants are at least an artful conceit, if not quite a garden in their own right.

Among the witty turns on this *little-known age of English* private gardens, the ranks of the tulips stand out. In Fairfax's garden-fortress, the tulips of *those miserable Dutch,* a soldier's natural enemy, stood tamed and at bay. "These, as their Governour goes by, In *fragrant Vollyes they let fly":* we *must imagine the* military Fairfax walking in his home-forts' flowerbeds, saluted by the rows of Rembrandt Tulips, the striped and well-bred flowers that you and I enjoy best of all in that cherry red and white old favourite tulip, Cordell Hull. "See how the Flowers, as at Parade, Under their Colours stand displayed." Maybe a *tulip-fancier would be* all the keener if he had had a military post. The tulip, supremely, is an obedient *flower. Mix the season varieties,* from the early singles and Cottage varieties through the Triumphs and Mendels to the huge late Darwin hybrids. Be generous with Sweet Harmony's lemon yellow, and Queen of the Bastigon's pink with yellow stamens. "Unhappy, shall we never more That sweet Militia restore. When gardens only had their towers And all the Garrisons were flowers?" Two hundred lily-flowered China Pinks, defended from moles and planted now some three inches deep, would go some way to answer our Marvell's question in his merited anniversary-year.



Alleged down to 6-4 for Arc de Triomphe

RACING

BY DOMINIC WIGAN

RIDING PLANS for next Sunday's Arc de Triomphe are now *taking shape for most of the* leading candidates.

Those runners with jockeys already booked include Acamas (Y. St. Martin), Alleged (L. Piggott), Danding Maid (F. Head), Dancing Master (G. Dubroeucq), Dom Alaric (A. Badel), Frere Basile (P. Paquet), Galiani (A. Lequeux), Monseigneur (A. Murray), Montcontour (J. Kessas), Naasiri (H. Samani), Noir et Or (M. Philipperon), Paddle (J. Desaint), Shafarez (M. Planard), and Trillion (W. Shoemaker).

Acamas, widely reported to *have shone 10 days ago has, in* fact, not been entirely pleasing his connections, and I would not recommend him until they have seen him in the paddock and on the way to post at Longchamps. However, those who have *already backed him can* take some comfort from the fact that he worked reasonably with stable-mate, Naasiri, and two older horses yesterday when watched by his joint owner, Capt. *Rogers of Ireland. The other* joint owner is the Aga Khan.

Latest betting activity on Europe's most valuable event has centred around Alleged (cut from 11-4 in some lists last week to 6-4) and Dancing Maid, an 8-1 chance from 12-1.

I was particularly impressed with the way in which Epsom Imp shrugged off the steadier of 9 st 13 lb when partnered by an always-confident Lester Piggott in Doncaster's Scarborough Stakes on Perrier Champagne Stakes day a fortnight ago, and I shall not be opposing Philip Waldron's mount in today's renewal of the Raffingora Sprint at Beverley.

Later in the afternoon it will be interesting to see who comes out best in the clash between My Wellie and another consistent sort, Solo Reign in the Cherry Burton Handicap.

Reg Hollinshead's five-year-old, Solo Reign, was just a head behind My Wellie when the pair finished a length adrift of Regalus over today's 1½-mile trip at Hamilton early this month.

Solo Reign, a pound better off on this occasion for that head, is just preferred although it will clearly be another closely fought *affair provided they each enjoy* reasonable runs.

BEVERLEY
2.15—Southern Seas
2.45—Markie*
3.15—Epsom Imp**
3.45—Novina
4.15—Solo Reign
4.45—Hunting Willy
5.15—White Emperor
5.45—Green Lass

CHELTENHAM
2.15—William the First
2.45—Archbold***
3.55—Divinity
4.30—Persian Frieze

TV/Radio

BBC 1

† Indicates programme in black and white

6.40-7.55 am Open University (Ultra High Frequency). 9.15 For Schools, Colleges. 10.45 You And Me. 11.00 For Schools, Colleges. 12.45 pm News. 1.00 Pebble Mill. 1.45 Fingerbobs. 2.01 For Schools, Colleges. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Goober and the Ghost Chasers. 4.40 Animal Magic. 5.05 John Craven's Newsround. 5.15 Touch And Go.

5.40 News.
5.55 Nationwide (London and South-East only).
6.20 *Nationwide.*
6.50 It's A Knockout.
8.05 Secret Army.
9.00 News.
9.25 Sportsnight.
10.50 Tonight.
11.30 Weather/Regional News.

All Regions as BBC-1 except at the following times:

Wales — 10.00-10.20 am I Ysgolion. Hwnt Ac Yma (2). 2.18-2.38 pm I Ysgolion. Ffenestri. 5.15-5.40 Bilidowcar. 5.55-6.20 Wales Today. 6.50 Heddiw. 7.15 Pawb Yn Ei Fro. 7.40-8.05 Tomorrow's *World. 11.30 Weatherman. 11.31* Welsh Snooker Cup Tournament. 11.41 News and Weather for Wales.

Scotland—11.00-11.20 am and 2.18-2.38 pm For Schools. 5.55-6.20 *Reporting Scotland. 11.20* News and Weather for Scotland.

Northern Ireland—3.53-3.55 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 10.50 Spotlight on people in Northern Ireland. *11.20* News and Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth).

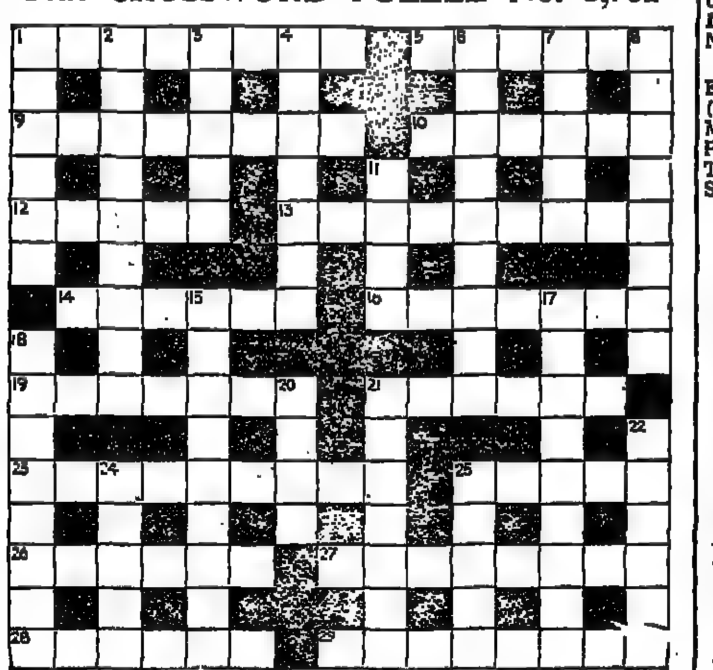
LONDON

... Hickory House. 12.30 Sounds Of Britain. 1.00 News plus FT index. 1.20 Thames News. 1.30 Crown Court. 2.00 After Noon. 2.25 Busker. 3.20 The Rolf Harris Show. 3.50 Tell Me Another. *The Sooty Show.* 4.45 ... 5.15 Batman.

5.45 News.
6.00 Thames At 6.
6.35 Crossroads.
7.00 Lingalongamax.
7.30 Coronation Street.
8.00 Must Wear Tights.
9.00 Born And Bred.
10.00 News.
10.30 A Day At The Races.
11.30 Our Miss Hammond.
12.35 am Close: The landscape of Finland accompanied by the music of Jean Sibelius.

All IBA Regions as London except at the following times:

F.T. CROSSWORD PUZZLE No. 3,781



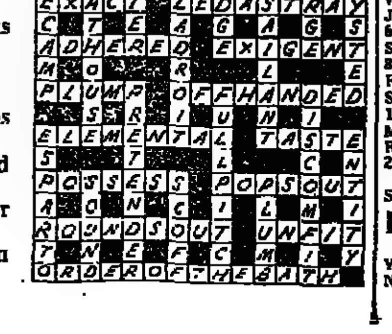
ACROSS

1 Neat hand for a poker player (8)
5 Meaning I'm left at sea (6)
9 *Cause a strain on the nerves* in business transaction and payment (8)
10 Check soldiers returning and pause (6)
12 Recess or start of holiday in *French resort* (5)
13 Moderate and not drinking much (9)
14 Box for those who are late (6)
16 Slander copper returning in traffic (7)
19 *Laminate that could be* relayed (7)
21 Settle a debt for punishment (3-3)
23 Two items of female attire but only one for men (5-4)
25 One more in complex transaction (5)
26 Lofty television receiver (6)
27 Get less with only one minute in course (8)
28 Lumber given by cleric in auction (6)
29 Choke? Unfamiliar admits learner! (8)

DOWN

1 *Agreeing with parallel lines* (6)
2 Iron in the vicar's house and dining room (9)
3 Enraged at appearing in anger (5)
4 Add strength to earthen mixture (7)
6 Hired soldier could be niggardly (9)
7 Work a long time to produce musical drama (5)
8 Tied there to dry outside (8)
11 Leave out doctor getting up on it (4)
15 Anticipate one side of Nottingham must get everything (9)
17 Not suitable for one French tailor's adjustment (9)
18 Best clothes for cheerful university festivities (4, 4)
20 Doctor going to work needs a small dose of medicine (4)
21 Flag-waver making Irishman create a disturbance (7)
22 Brew that is appropriate to a golfer (6)
24 Went wrong in another redundancy (5)
25 Heath and I race in disorder (5)

SOLUTION TO PUZZLE No. 3,780



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STUDIO 3 & 4. Oxford Circus. 437 3300. 3: A Fred Zinnemann Film JULIA (A). Progs. 1.05, 3.10, 5.45, 8.15. Late show Sat. 10.45. 4: Jill Clayburgh, Alan Bates in Paul Mazursky's AN UNMARRIED WOMAN (X). Progs. 1.05, 3.30, 6.00, 8.35. Late show Sat. 10.50.

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The Management Page

EDITED BY CHRISTOPHER LORENZ

Ironing out European remuneration packages

By ERIC SHORT

HE POST-WAR period has een international companies teadily expanding their operaons into Europe, including the K. At the same time much ore emphasis has been placed n the role of employee benefits n employees' overall remuneraon packages, as well as in the rovision of comprehensive ocial security benefits by all uropean countries.

An overseas company operatig in a particular country has conform with the custom and ractice of that country in the muneration of its staff, inuding such important nployee benefits as pension id sickness provision.

In all European countries, the ate plays a significant role in ese two fields. All countries ive some form of State penon plan and state sickness heme, which affects some or l employees. The employer can nore what the State provides d make his own provision. it it makes more commercial nse to integrate the company nefits with those of the State ice the employer, in one way another, will be financing ose benefits, too.

ystems

No two countries have veloped their social security stems along the same lines or the same pace. In the UK, for ample, pension provision has en very much the responsiity of the company, but in st European countries, the lk of a person's pension is vided by the State, with the role played by the employer much more restricted.

The most obvious implication of all this is that top managers of multinational companies, especially in finance and personnel, need to have a working knowledge of the situation which exists in the various European countries where they operate. It is doubtful whether they could do their jobs efficiently in a state of complete ignorance.

One method of providing this working knowledge is to visit the countries concerned and do considerable research and consultation, which involves much time and effort. Another is to read and have immediately available a comprehensive handbook, kept constantly up to date by experts, that managers can read and understand without too much effort. The best such handbook I have seen has just appeared in its third edition—Employee Benefits in Europe by David Callund.

Mr. Callund is a senior partner in Callund and Co., a firm of international employee benefit consultants which, in collaboration with another firm in the same line, Employee Conditions Abroad, have produced the book.

Waste of time

Mr. Callund holds very strongly the view that it is a waste of both his time and the time of his client if the first interviews about arranging employee benefit schemes in a certain country are spent giving a teach-in on the background. Although he adopts the view that it is his job to advise clients, the ultimate decision has to come from the client, not from him. His basic aproach is to set out a series of costed alternatives, from which the client can make his choice.

This means that the client needs a working knowledge of the country's conditions; the book provides the best means of acquiring this.

The book itself is divided into two parts: the first describes the various basic philosophies of social security provision and company pension financing; the second deals in detail with the situation in individual European countries.

In arranging the integration of State and company employee benefit provision, it is necessary to know how much the company has to contribute towards the State provision, so that it can integrate costs as well as benefits. This in turn imposes a need to understand the various methods used to finance State benefits. Then there are several methods of financing company pension schemes.

In the UK, the practice is to fund fully for all existing and future pension liabilities. In Germany, the system of book reserves in company accounts to meet pension liabilites is universally accepted.

The Treaty of Rome lays down an obligation on member countries for the harmonisation of their social security systems. Although this situation is a good way off, considerable progress has been made in making reciprocal arrangements between countries over the eligibility of social security benefits.

Since many personnel get moved from one European country to another in the course of their employment this reciprocity is important. There is a chapter in the book on this subject, including the situation between EEC member countries and with other countries in Europe.

Financing

The chapters on individual countries cover a description of the social security system, the calculation of pensions, including early and late retirement, and the methods of financing. A description is given of how private and company plans can be used to supplement State provision, and whether this is an accepted or unusual feature.

The only drawback in this section is that it does not give any details for Greece. All other countries in Europe, outside the Communist countries, are included. Mr. Callund intends the next edition, in two years' time, to include Greece.

Employee benefits in Europe 1978 by David Callund, is available, price £35, including p and p, from Callund and Company, 15-17, King Street, St. James's, London SW1Y 6QU.

State industry purchasing —room for scepticism

BY CHRISTOPHER LORENZ

IN THE interests of a better British exports performance, some of the nationalised industries have committed themselves over the last few years to discarding their traditional preoccupation with idiosyncratic, "belt-and-braces" equipment specifications. But how wholehearted are they, in both theory and practice?

The argument in favour of public sector organisations forsaking their long-standing quest for ideal, purpose-designed and built equipment runs something like this: If British manufacturers have to make one sort of product for the home market and another for foreign customers, then their exports will be less competitive (or less profitable) than those of their overseas competitors.

Battleground

This cause has been fought over the last few years on several battlegrounds, most noisily in the National Economic Development Council framework, but also in hundreds of dusty committee rooms where nationalised industries meet their equipment suppliers.

The most significant convert to this cause—at least in theory —is the Post Office, which over the last few years has been spending close on £1bn a year on capital investment. But there is still an undertow of sceptical muttering from its suppliers: for example, is the PO *really* doing enough to ensure that its much-vaunted new System X switching system is exportable?

Of all the nationalised industry chairmen, the one who ought to be most aware of exporters' needs is Sir Derek Ezra, since he is both chairman of the National Coal Board and outgoing head of the British Institute of Management. But a speech by Sir Derek a few days ago suggests he is not completely committed to the cause.

Delivering a paper called "Positive Purchasing" to a BIM conference in London, Sir Derek discussed the relationship between supplier and customer companies (he was talking about industry in general, rather than nationalised concerns in particular).

A modern industrial enterprise must be able to specify clearly what it is that it wishes to buy, Sir Derek said. It could do this either by precise description of the item to be bought or by precise description of the duty to be performed.

"Inevitably," he continued, "engineers and production managers in the buying enterprise will think in terms of a specification related to p formance."

So far, so good. Sir Der appeared to be subscribing the enlightened view th customers (including natio alised industries) should simp tell their suppliers *what* t equipment should do, and lea the manufacturer to work o *how* it should do it.

But then he slipped in th phrase: "However, the suppli is looking for a specification terms of design—actual technic drawings."

Performance

Subsequent inquiries with th NCB confirmed that Sir Dere meant "looking for the custome to provide information on ho to build the design," so that as he said in his speech, "th translation of performance int design should be shared betwee the engineers in the buying con cern and those in the sellin concern."

To which one private industr delegate to the BIM conferenc retorted: "Not necessarily! I onl wish more of my customers— particularly the nationalise industries—would just tell m what machinery they wanted an leave me to decide how to desig it."

How Britain wastes skilled workers

By Richard Cowper

ITAIN'S INADEQUATE ining system must bear a ge part of the blame for the rtage of skilled workers in ustry, as yesterday's article this series explained. But the blem is being exacerbated by failure to retain craftsmen he industry or job for which y were trained.

he causes of this "wastage" blem were investigated last r by two surveys commisied for an NEDC report on engineering industry.

n the first, a survey of 700 ernmakers — the highly led craftsmen who make the den formes for intricate ings—who had left the ociation of Patternmakers Allied Craftsmen (APAC) he three years from 1972 to l, it was found that two out hree who had resigned for ons other than promotion left the trade (see illustra). And 75 per cent gave or prospects and insecurity," work available" and "low pay" as the reason for leaving. Surprisingly, the last was by no means the most commonly cited reason.

And in the second, a postal survey of over a thousand skilled engineering workers (see illustration) who had left jobs between 1974 and 1975, poor prospects for advancement was the most commonly cited reason for leaving after redundancy. Only 13 per cent gave low pay as a reason. Over half the respondents were now in different occupations, with a third of those saying that their engineering skills were hardly useful, if at all, in their present occupation.

Bad image

A sector working party survey‡, which covered 75 per cent of the fluid power equipment industry this year, found that over half of the companies questioned gave pay and conditions as the main reason for their current manpower shortages. The attraction of local government and the service sector was the next most popular reason, with the industry's bad image coming a close third.

A large number of the problems identified in these surveys stem from the relative unattractiveness of employment in manufacturing industry in Britain. The fluid power industry's survey highlighted the fact that many prefer to move to government and service sector jobs, where status benefits such as pensions, sick-pay and holiday leave along with physical conditions are so much better.

One reason given by many who leave their chosen profession is general insecurity in the industry. A toolmaker who has been made redundant twice— not so unusual as one might expect—will obviously be very reluctant to look for a similar job a third time. This insecurity is the main cause of much bitterness, particularly in the engineering industry, and manifests itself in restrictive practices, refusal to make flexibility agreements and a host of other factors which contribute to poor use of manpower and which in turn produce apparent labour shortages.

The surveys also show that the narrowing of differentials, which has been accentuated by recent flat-rate pay policies, has gone too far and now appears to be actively discouraging craftsmen from staying in their profession. It may also be acting as a deterrent on the recruitment of school-leavers into apprenticeship schemes.

But at least as important, especially for the younger skilled worker, is the need to improve the avenues for career development. In the skilled engineering survey 76 per cent of those mentioning "poor prospects for advancement" as a reason for quitting the industry were under 35. An obvious lesson is that companies should, where possible, actively recruit on the shop floor supervisory, technical and managerial positions.

Participation

Some people also hope that moves towards employee participation will encourage ambitious craftsmen in the future, and go some way to improving the industry's image.

Whatever one's favourite remedy may be, there is no doubt that if we are to get bright school leavers to take up apprenticeships for the skill needs of to-morrow, and if we are to stop existing craftsmen from going off to sell ice-cream, then management, unions and government will have to give a lot more thought and attention to encouraging job mobility and to making life more attractive and rewarding for the skilled worker.

‡ Manpower Issues in the Fluid Power Industry' Fluid Power Sector Working Party: NEDC 1977.

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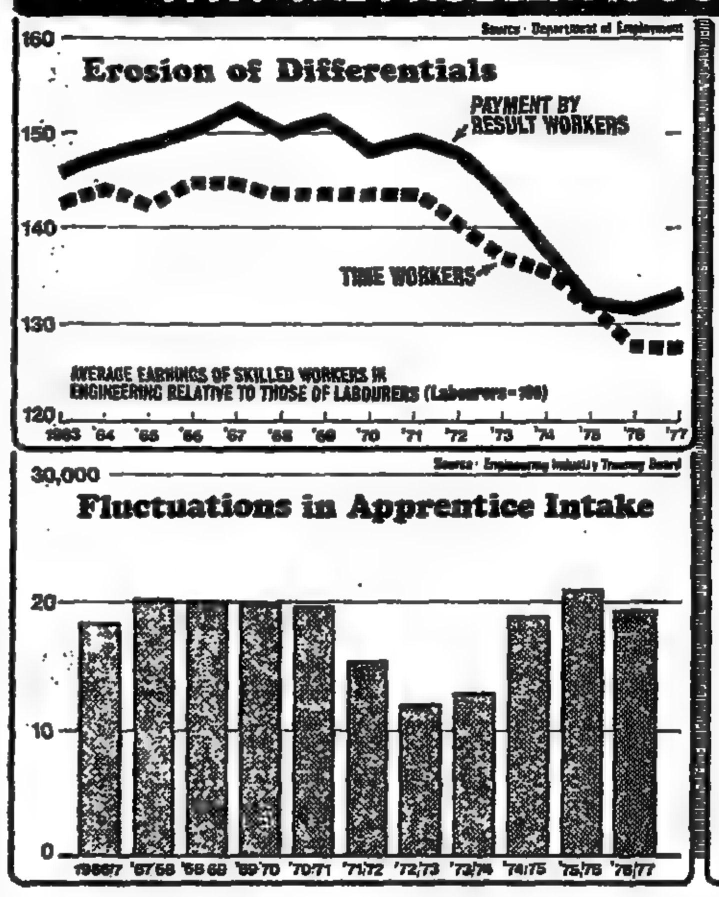

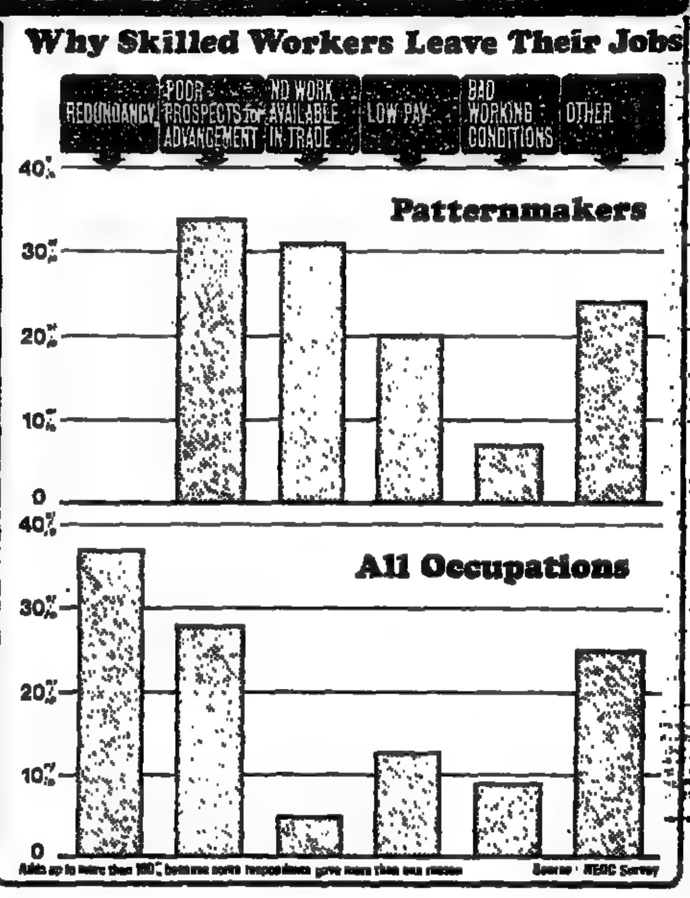

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BY OUR LEGAL STAFF

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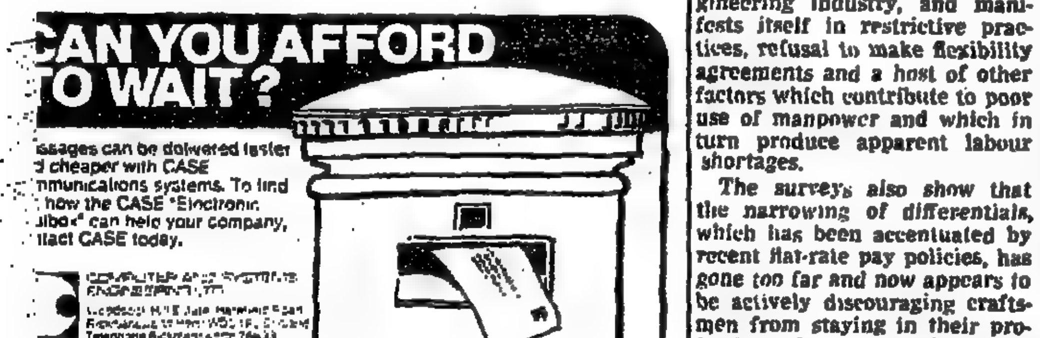

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The Red Cross ✚

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Poverty and charm in Brazil's Northeast

BY DIANA SMITH, Rio de Janeiro Correspondent

SAO SALVADOR da Bahia, capital of Bahia State, and Recife, capital of Pernambuco State, were founded by the Portuguese in the mid-sixteenth century. To-day, they still boast powerful traces of the early colonial influence: their ancient churches, palaces and residences coexist, with a sense of space and grace, with sporadic outcrops of modern high-rises.

They are both coastal cities, and the white, sandy, palm-fringed beaches run for uncluttered miles on end. They exude an air of placid, unostentatious prosperity, with their well-tended, unlittered squares and parks, manicured gardens, brightly-coloured homes and streets free of traffic jams.

Above all there is a marked contrast with chaotic—often inhuman, intolerably noisy, dirty and polluted Rio de Janeiro. Salvador and Recife still project the impression that the citizen *is in control of his environment* and concerned with its protection. They are cities fit for strollers and browsers, or those who wish to mediate on a park bench. Recife in particular offers a rich lode for those blessed with *serendipity*—a sluggish manatee, that most primaeval-looking of creatures, nibbling at its leafy diet in a spacious pond, all to itself, in a public garden, watched with awe by both children and adults; a serene Benedictine convent, once the Charity Hospital of Olinda, on Recife's outskirts, housing perhaps the most impeccable example of Portuguese baroque church-work in existence.

Because Salvador and Recife are such exceptionally staid and well-tended cities, the contrast between them and the interior—vast, sparsely-populated with a climate which *ranges from arid through semi-*arid to moist—is, in some cases, a shock. A night at Salvador's newest and most luxurious hotel, built on a strip of land with the Atlantic roaring and breaking on both sides under the full moon is no fit preparation for a morning 400 kilometres away (an hour by Navaho—Brazil's equivalent of a Piper Cub) in the area of Filadelfia, a hideously poor rural hamlet where no parallels can be drawn with its American namesake.

Idealism

In the field beyond Filadelfia, *technicians from* Brazil's Embrapa (the State-run agricultural research unit) are working on a project that, they hope, will evolve the best possible type of maize and bean intercrops for the conditions of the semi-arid region. Their enthusiasm and their idealism is transparent. They are young people, often trained abroad, with experience in India, Mexico or elsewhere, resolved to develop farming systems that will help the small farmer—either tenant or smallholder—to produce all that he can from the means at his disposal. And, it must be said, the same spirit of eagerness and idealism pervades Embrapa from the *highest* echelons to the sunburned young man in the field.

What they are up against, however, is what all Brazilians with a conscience are up against: centuries of neglect, either benign or malignant, of exploitation of the smallholder by the medium-sized farmer and of the medium-sized farmer by the *latifundiari* (major landowners) of corruption and deviation of official funds to private purses, of plans drawn up in gilded or steel and glass palaces without realistic concepts of local needs, of widespread callousness to human poverty and suffering bred from the smugness of those who have made good, and of lopsided priorities.

Meanwhile, the per capita income of the Northeast has risen from $150 per annum to $700 per annum in 15 years, while the national per capita income has risen from $600 to $1,500 in the same period.

A hamlet like Filadelfia is typical enough: a cluster of *minute*, squalid houses, teeming with children dazedly tended by young mothers who look three or four times their real age, while the fathers try to scratch a living as hired hands on the land or in odd jobs.

This is not to say progress has not come to the Filadelfia area through farming advances (and *odd developments* like the use of castor beans for lubricant oils—a potential export crop of considerable importance). But, as is often the case in Brazil, despite genuine Government efforts to effect improvements and impose fairness, *it is* the better-off who become still better-off, not the poor who benefit.

A couple of hundred kilometres north of Filadelfia, in *the area of Petrolina, a small* town on the Sao Francisco River, the mighty water course that wanders from south to north-east which is now being gradually harnessed for hydro-electric power and irrigation projects, another *startling* contrast presents itself. The area of Filadelfia is relatively green particularly this time of year, when the rainy season is just tapering off. The Petrolina area is little more than a dust-bowl, where huge cacti coexist with withered trees and shrubs.

So arid and cruel is the area, despite its proximity to the river, that, for years, farmers used cacti, having burned off the thorns, as the animal feed of last resort for their cattle or goats. Pernambuco State, in which Petrolina lies, is the land of the goat par excellence—that hardy creature that will eat anything, and provides meat, milk and hides as a means for survival of even the poorest.

In this area, Embrapa technicians are working on simple irrigation systems, involving connecting clay vases or suction clay pots which even a child could instal without difficulty, and which can be operated at minimum cost. Here again, the intention is to help the impoverished smallholder or tenant farmer, and here again, is the clash between ideals and the profit motive.

In the area, the Sao Francisco river, has been used for expensive irrigation projects destined to produce expensive, but *profit-*able crops like melon, grapes and watermelon, for export to the prosperous south and abroad. The outlays are, technicians say, justified by the profits to be gained. *Meanwhile*, to set up the projects, smallholders have been driven off their land (and rarely compensated), or haphazardly relocated without much forethought of the human implications. The privileged few who are working on any one of the Sao Francisco Valley's ten irrigation projects are, it seems, not fully privileged.

The less-wealthy co-operatives have found trouble in getting fair prices for their produce, while the monopolistic tendency endemic to the Northeast has kept the larger producers on profitable terms with the middlemen who take the largest cuts of Brazil's marketing system.

This problem is admitted by the heads of the local research and farming development centres: "If we can solve two problems—water and middlemen," I was told, "we can reform Brazil's farming and achieve social justice."

The mighty middleman of the Northeast is, it can be said, the counterpart of the Portuguese middleman thousands of miles away in Europe — and of all Brazilian regions, the Northeast is doubtless the most "Portuguese."

This atavistic situation was summed up for me by a local store-owner in Surubim, 125 km to the east of Recife, in the Pernambuco interior, a cheerful, bustling market town in whose municipality the Brazilian Cotton Centre operates, developing new strains resistant to disease.

The Northeast, I was told, "is the place that was settled by Portuguese 'marginals' or outlaws, who miscegenated with Indians and slaves. While the hard workers—the Italians, the Germans, and later, the Japanese, immigrated to southern Brazil, we were left out of the development and we have been sluggish about developing our*selves*."

Certainly, for those who know Portugal, and especially rural Portugal, well, Pernambuco is an an exercise in *deja vu*.

All the more positive aspects of the Portuguese character are to be found there—the gregariousness and overwhelming hospitality; the powerful sense of family union and loyalty, the curiosity and eagerness to be informed about the outside world (*not necessarily* a Brazilian commonplace where nationalism can often spill over into chauvinism) and the gift for verbal expression and poetry, epitomised in the off-the-cuff *quadras* or song-poems performed by local minstrels, known as the *Repentistas* (rapid ones) on topical subjects, with considerable acidity.

The people of Surubim are celebrating the 50th anniversary of the town's foundation, and doing it in high-spirited country style, with fairs and rodeos, where cowboys fell steers by their tails, riding magnificent cross-bred horses. Even the pelting *rain did nothing to* dampen their exuberance, or taste for feasts in which goat's meat, goat's cheese and goat's innards played the star roles, washed down with Coca Cola.

Negative side

Scraping beneath the all-embracing friendliness of the rural Northeasterner of pure Portuguese or mixed-racial descent, however, the negative side of the *Portuguese* coin emerges. Family pride degenerates into nepotism, politically or commercially, and a sharp sense of personal business—especially on the grocery, bakery, ironmongery scale—turn into self-serving corruption or monopoly once some upward mobility is achieved.

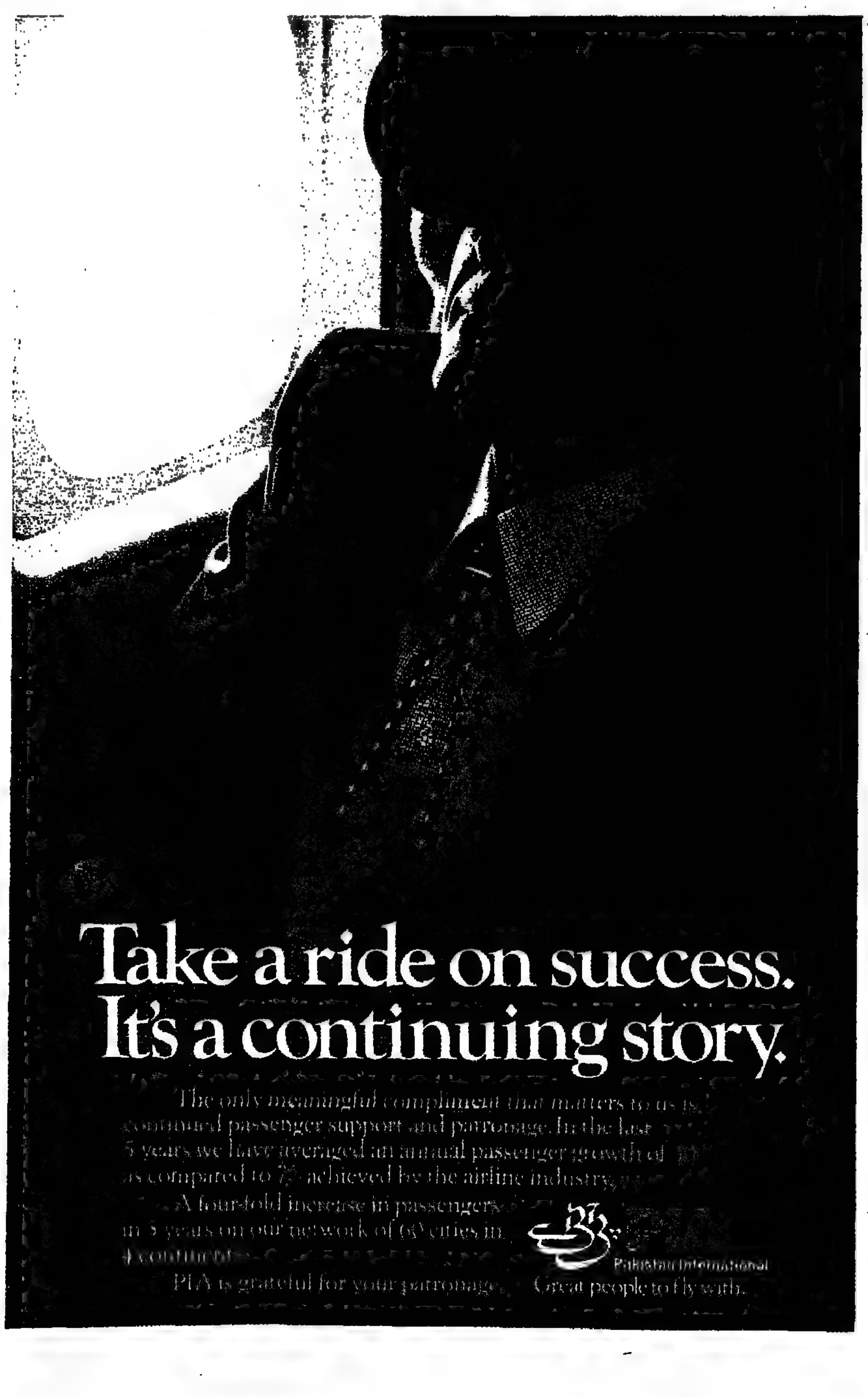
Things, however, are improving. The Geisel Government, that is its Ministries of the Interior, Agriculture and Industry, have effected improvements with greater energy and determination to rectify problems than their predecessors. Bahia State now has a large petro-chemical complex which, although capital-intensive, has created thousands of new jobs and will increase the state's income tax revenue considerably. President Geisel's appointed successor, General Figueiredo appears determined to pursue the same course, having recently stated that "the Northeast wants its fair share of Brazil's progress: it doesn't ask for more and won't accept less, and this is precisely what *Brazil owes the Northeast.*"

The form of Northeastern development General Figueiredo has in mind is first and foremost industrial-scale farming, secondly, transformation of local raw materials and use of abundant, trainable labour, industrialisation of mass produced consumer goods and more intensive infrastructure works (electricity, transport, etc.).

Pernambuco State is now fully-electrified, and has been for ten years. Recife's slums are still slums, but not as glaringly sordid, filthy and overcrowded as those of Rio de Janeiro—but, as in Rio or other southern capitals, they are built by wage-earners who *cannot afford to* pay rents.

The black population of Recife, descendants of the slaves imported by the Portuguese to serve their needs, can frolic at will on Recife's impeccable beaches and breathe clean air—something they cannot do in the South.

Flying over this vast area in a small plane, therefore, low enough to see details is a spectacular experience—proof of the long distances between inhabited areas, the sudden, dramatic changes in terrain and climate, from moist to parched, where the aircraft bucks and dips in the hot currents blasting upwards from the scorched earth. Flying over the Paulo Afonso or Sobradinho hydro-electric dam on the Sao Francisco River means a bird's eye view of over $1bn worth of new electric energy schemes. The social benefits of such outlays are still the acid test.



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صورة عن الأصل

lizabeth Hall

Brass Ensemble

by DOMINIC GILL

The renaissance of popular iterest during the last few years serious brass music has been ourished greatly in this country oth by the indefatigable umpeter and conductor Elgar owarth, notably in his partnerup with the Grimethorpe Colery Band, which he directs, and Philip Jones and his Brass nsemble. Predictably, since the pertory of original works is ry small, Howarth and Jones me together on Monday to give programme mainly of arrangeents; and a taste for a whole ening of brass arrangements—e an evening of double-reed guitar arrangements—is not cessarily one which all musicvers acquire. But the highght and climax of this concert is a show-stopper, exciting and vid enough to calm all early ubts: a sensationally good rangement done by Howarth mself, of Mussorgsky's *Pictures an Exhibition*, brilliantly ayed by an augmented PJBE. Howarth has reshaped the ano score using 18 brass with ree percussionists. Such a heme must sometimes inliably emphasise the bright and e brash at the expense of btler colour and movement: Howarth has managed to oid the merely vulgar with markable success. And there moments of real inspiration: muted bass tuba trills of nomus" give exactly the ect every pianist tries (vainly) achieve. The massive, only battery of tubas and horns for "Bydlo"—joined at its climax by a full complement of trumpets and trombones—is a splendid realisation of an essentially orchestral moment. The octave tremolando of "Con mortuis" is transformed and the chill heightened, by a marvellous *vox humana* timbre of high, muted trills; and hasn't the Great Gate of Kiev always cried out for trumpet and tam-tam?

In the first half, the same greatly augmented 18-piece Philip Jones Brass Ensemble—how were all the orchestras making out that evening with such depleted brass sections?—gave us an arrangement of William Walton's *Spitfire Prelude and Fugue*, from the incidental music to the film *The First of the Few*: the Prelude actually a quintessence of all the sub-Elgarian hogwash that has plagued British soundtracks since 1940, but fun in its way; the Fugue a jolly Waltonish virtuoso bustle, thrown off with admirable spirit. A very jolly suite of 16th-century French dance music opened the programme; and we also heard the brass quintet in D flat of Victor Ewald (1860-1935), the evening's only original work. A little more histrionic mileage could have been extracted from the piece—*particularly* from the first movement, with its unmistakably Chaikovskian melody. But perhaps in context the Ensemble's rather dry, laconic delivery was actually the more winning for its simplicity and restraint.

David Oxtoby is a painter who, for rather more than a decade, has centered his work upon what amounts to his obsession with the heroes of Rock and Roll. Now Phaidon has published Oxtoby's Rockers in glossy paperback, and an exhibition to mark this particular conjunction of the usually so separate worlds of Art, Music and Books, is now filling the Redfern Gallery until October 17. The work is more remarkable for its energy and enthusiasm than for its control, but at its best, as in the smaller, more concentrated graphic work, Oxtoby has produced some memorable and highly personal contemporary icons. The illustration shows one of the more controversial heroes, Rod Stewart. W.P.

urcell Room

Jacek Strauch

his gifted young baritone, glish-born of Polish extracn, quickly showed at his wellended recital on Monday why won the 1978 Ferrier morial Scholarship. Such a nbination of richly-endowed ce, quick intelligence and matic (and mimetic) ability unusual even in these days en new British singers of nt appear with some freency. His programme of ubert, Mendelssohn and Wolf uded several rarely-heard interesting songs, many of m with fearsomely difficult ompaniments—a test which pianist Iain Ledingham, surinted with the same intellice if not with quite as much ibility as his singing partner. here were a number of sterly dramatic and sardonichumorous songs, many of n at fast speed needing fluent nmand of sung German—this forthcoming, and so was the n rarer ability in a young ger to feel a song as a whole keep it going right through—r Schiffer" and "Normans ang" of Schubert were exles, also three airy but not d vignettes from Mendelssohn's neglected song output, especially "Neue Liebe" and "Hexenlied." Sometimes Mr. Strauch dropped too readily into the kind of *parlando* adopted in the opera house by many singers of Wagner's Nibelung roles: he can inflect tone-colour so vividly that there can be no need for this.

What remained a partly unsolved question was his capacity for legato singing. Schubert's "Nacht und Träume," severe test, did not quite come off, yet Wolf's "Weylas Gesang" was so delicately done as to make one want more in the same lyrical vein. Next time Mr. Strauch must ration his comedy numbers, excellent though they are, and concentrate more on strictly classical singing. He has such possibilities (of a kind, too, seldom found in English singers especially at his age) that any temptation to win easy success (however well deserved) with what he knows he can do must be stoutly resisted. All the same, a very good evening—how often does one hear Wolf's "Feuerreiter" so grippingly yet lightly, unhammily done?

RONALD CRICHTON

Libby Morris

Leonard Burt

g's Head

Shay

by MICHAEL COVENEY

o not think, somehow, that nternal domestic hang-ups n unhinged housewife in town Michigan are likely to ess themselves on the on pub theatre-going comty (whoever *they* are) with great urgency. Anne Coms comedy is the worst tisement I have yet encounfor the no doubt admirable of the O'Neill Theatre Conce for new playwrights. It ulevard fluff masquerading mmitted social comedy.

e eponymous Shay is a witha housewife whose husband, being Christmas (someone day will write a deeply tical study of the place of hristmas tree in 20th cenAmerican theatre), is tuned cably in to televised sport. laughter is about to marry d stooge, while her son has ned home with severe misgs about his new trade as a ry agent. Not only will not meet her daughter's ective in-laws, she will not join in the neighbourhood alling ritual. She has ms and, yes folks, the old octopus of deadening family life in the suburbs is to blame.

A similar issue was given far more comprehensible and resonant treatment only last week by our own Stephen Poliakoff, whose *Shout Across The River* does, among other things, relate to a native audience in its imagery, language and sense of urban desolation. Miss Commire is not even persuasively informative on the details of what's rotten in the state of Michigan. The script is packed with laughable broadsides such as "When I'm alone, I'm total . . . I'm *sealing myself off for society's sake*."

Libby Morris as Shay finally gets into her stride by reducing the play to a cabaret, overtaking a Lena Horne record with her own expression of musical self and playing havoc with the polite conversation of bemused house guests. Apart from Miss Morris, Marlene McKay is fine as the daughter and Margaret Robertson throatily effective as a long-suffering friend. The rest is all redolent of church hall dramatics, the inevitable fate of material like this. The director is David Black.

Book reviews

Dancing over there

by CLEMENT CRISP

American Ballet Theatre by Charles Payne. A. and C. Black, £20.00. 280 pages

Charles Payne has been associated with American Ballet Theatre since its inception. And because ballet companies must serve Mammon as well as Apollo, and because ballet is about business as well as about "art," a true record of any company must pay due attention to financial politics as well as the supposed creative urge that impels a troupe on its path to glory or Carey Street. (The financial histories of our national—and State-subsidised—opera and ballet and drama will, alas, forever remain wrapped in the cloud of unknowing, that smokescreen of statistics and fine words appearing in their respective annual reports.) Charles Payne has always served on the administrative and financial side of ABT and his view of its development is that of an insider.

None better, then, to guide us through the tortuous early years of the company which he charts with the unmistakable and slightly scary ring of truth. The war years in the U.S. when Ballet Theatre was finding, and sometimes losing, its feet saw a boom in ballet marked by a continual game of jockeying for stars and touring dates, with that astute operator Sol Hurok ringing the changes on companies, taking his all-important patronage from one to another, chopping and changing dancers and personnel to sustain box-office receipts. Various other intriguing characters, like Colonel de Basil, feature in this Mafioso game, caught up in a general post of financial backers, loyalties, and those manic jealousies that make any fiction about ballet a poor second to the facts. And the facts are what Charles Payne gives in abundance, detailing the switch-back of ABT's fortunes with an affection which does not inhibit his sense of amusement at the madder moments, nor his understanding of the various personalities that have contributed to ABT's 38 years of existence.

As a commentary and illustration to Payne's detailed text there is a parallel history in pictures: multitudinous, and all well reproduced. And, as a bonus, four of ABT's central figures—Lucia Chase, Norah Kaye, Alicia Alonso and Erik Bruhn—have written articles about their work with the company. *American Ballet Theatre* is a splendid piece of book production—one of a series (including Kirstein's *New York City Ballet*; and *Barishnikov at Work* by Charles France) produced in New York by Knopf and presented here by A. and C. Black. They all combine superb content with ideal appearance.

A no less worthwhile view of American Ballet comes with Black's publication of Arlene Croce's *After-Images* (£8.95, 466 pages). Miss Croce has been dance critic of the New Yorker for the past five years; previously she was to be read in that lively journal Ballet Review and in our own *Dancing Times*. In all three magazines a sharp and far-seeing eye and a passion for dancing made her the best and most respected dance critic in America. I have read Miss Croce with admiration for the decade covered by this book of collected pieces (from 1966-77), and — because one likes a critic with whom one agrees—I have rejoiced to find that *After-Images* represents a most perceptive and illuminating survey of the past ten years in Western Ballet as seen from New York. (And who can resist a woman who starts a review: "On a desperate night in Stockholm one can throw oneself into a canal or go to the The Royal Swedish Ballet?".)

Reading Croce on Barishnikov or Twyla Tharp or New York City Ballet is to relive performances with a sense of renewed delight. On artists she loathes—like Béjart—she combines the hatchet with the needle to delight the soul of Béjart-phobes. One can quibble about a few judgments: about her assessment of Dance Theatre of Harlem as a classical company; about a *napalm attack* on the Stuttgart Ballet, which may well have been a reaction to the frantic overselling of the company by Sol Hurok. But the sum effect is of a critic vastly gifted and vastly readable. And vastly right.

Tiny Alice

by RONALD CRICHTON

Alice Elgar: Enigma of a Victorian Lady by Percy M. Young. Dennis Dobson. £7.50, 201 pages

In his memoirs Sir Adrian Boult describes Lady Elgar as "very tiny indeed" with "a quiet intimate way of speaking." He quotes Frank Schuster, who was tall, as remarking "You know the way dear Alice used to come up to one and confide in one's tummy?" Small and quiet Alice Elgar may have been, but she often got her way. On that particular occasion she broached the question of an Elgar Festival at Covent Garden, and it duly came to pass.

The Elgar scholar, Percy M. Young, has added to his list a handsomely produced little book all about Alice. Not many composers' wives of less than Cosima Wagner status, however self-sacrificing, earn such a compliment. Perhaps it was as well for her (though undoubtedly not for Elgar) that she died before him and was spared the fate of many composers' widows who have lived on and become a nuisance in one way or another.

Alice Elgar was the daughter of a Victorian Major-General, Sir Henry Gee Roberts. When at the age of 40 she married Elgar, some years younger and of humble family, both her parents were dead. She was modestly independent, also determined and devoted enough to overcome family hostility.

Even before the present time, English county families, when it came to the point, could swallow a good deal. Probably Elgar's profession of music and Catholic faith caused more real despondency than his origins.

Alice nursed ambitions as a writer which had to be virtually laid aside when she became the wife of a genius. She had published a certain amount, including a novel, *Marchcroft Manor*. Of her verse, Dr. Young quotes enough to show that, though her talent was slender, she had facility, and more application and adaptability than an amateur scribbler pure and simple. When Andrew Lang withheld permission for publication of Elgar's setting of one of his poems, Alice set to and provided alternative words to fit the notes. One feels that if Elgar's undeveloped talent as composer for the theatre had been given a chance, she might possibly have proved to be the stuff of which long-suffering librettists are made.

With his quick-changing moods and black, bitter depression, he must have been a terribly difficult man to live with, however differently his London cronies and the various women friends, grander and more glamorous than Alice, whose value as inspiration-objects she seems however to have tactfully accepted, may have seen him. She did him pretty well, though one wishes she could have found time and heart to take more trouble about their daughter, Carice. Surely what she achieved was not worth less than the tiny literary career that might conceivably have been hers.

Television

Keeping the national flavou

by CHRIS DUNKLEY

When the 30th session of the Prix Italia came to an end on Sunday with prize winners, jurors, delegates, observers, critics and reporters decamping *en masse* from the rigours (however comfortable the chairs) of the viewing theatres in Milan to the splendours of the Teatro Fraschini in Pavia for the actual presentations, British broadcasters took all three of the television prizes.

Such a total victory has never occurred in the 21 year history of the Festival's television event.

The BBC's two prizes, for drama and documentary, were accepted by Roland Joffé, director of the play *The Spongers*, and Tim King, director of the series *Hospital* and specifically of the first episode "Casualty," which won the award. Derek Bailey who wrote, produced and directed London Weekend Television's winning music programme, *MacMillan's Mayerling* was unable to attend the ceremony and Melvyn Bragg accepted the prize in his stead.

As noted in this column last week, the regularity with which Britain scoops up these awards has become almost (though not quite) an embarrassment to the members of the British party who regularly attend. It does become difficult when Britain adds a complete sweeping of the board to its already unique series of "doubles," to avoid making remarks which sound as though they come from one of *those* boringly fervent nationalists.

So let the facts speak for themselves: the Prix Italia was created in 1948 and was solely concerned with radio. Television prizes were added in 1957 and although the Italians still try to give pride of place to radio (and there are still more radio than television entries, 81 to 61 this year) television has outgrown radio in international interest and prestige.

In the history of the television event France has won seven Prix Italia awards, Germany, Japan and Sweden six each, America, Poland and Switzerland two each, and Belgium and Denmark one each. Many of the competing countries—from Australia and Austria to Russia and Yugoslavia—have won none at all. Britain has now won 20.

Nor is this merely a reflection of the UK's chance to have two bites at the cherry each year, enabling the BBC to contribute 12 and ITV eight to the British prize tally. Several other countries including Canada, Finland, France, Germany and America also get two bites. Yet in the last four years the British have won eight of the Prix Italia awards and the rest of the world four.

It is, of course, highly gratifying for the broadcasters to be able to win so much prestige and so much money (the British usually divide their prizes, which are now worth about £8,000 each tax free, among the production team). But there is rather more than that to the event, at least for the majority of us who go to observe and not actually to compete.

Two things emerge: the extraordinary and often rather depressing similarities between subjects, styles, approaches and even detailed content in programmes despite the immense variety of countries entering them for the Prix Italia. And then, once in a while, a treatment, technique, or view of a subject which is, on the contrary, peculiarly different from anything seen in one's own country and, at best, capable of changing one's whole outlook.

Taking the similarities first: British viewers having nothing to do with the media might be quite startled if they could see how familiar so many entries look. Spain's documentary this year, for instance, *Tarahumares*, was a study of the religious dances and celebrations of an obscure tribe of Mexican Indians. Anyone who has seen Granada's *Disappearing World* will know the idea, though the British series is unquestionably better.

Then there was a highly entertaining "play" entered by Germany's ZDF called *Plutonium*. Made slickly on film rather than videotape, on South American locations, it postulated theft of plutonium by terrorists and—although its main almost absurdly complicated plot about secret police was certainly its own—it would unavoidably recall to anyone who had seen it, Stephen Poliakoff's LBC play about plutonium theft, *Stronger than the Sun*, which was turned into a slick film by Michael Apted.

Australia's *Man the Killer, Man the Keeper* was that nature film about the re-establishment of breeding colonies of elephant seals and penguins which we in Britain seem to see about three times a year from someone or other. Similarly Belgium's *Those of the Fourth World* did the street (or cafe) interview job with down-and-outs which is becoming so familiar that any viewer could compile it himself.

In America's *The Miracle Months* which won the secondary RAI prize for documentary I saw a drop of amniotic fluid forming at the top of a doctor's exploratory hypodermic for the third time in about four weeks as we heard, yet again, about today's obstetric marvels. The filming of a live foetus inside the womb was admittedly startling and wonderful, but the subject generally is now well worn.

And no television festival would be complete without at least one programme seeking to link poetry with landscape. This year (leaving aside ITV's drama entry *Clouds of Glory* which certainly did this, but in a very special Ken Russell-ish way, getting the programme shortlisted but winning no prizes) it was *The Border Poets of the Gulf of Riga*. Its bustling-market-place footage was so like a 1955 *Look at Life* that some of us had, rather rudely, to laugh.

So it goes on, and of course one reason for the limited number of subjects is that there are only a few which broadcasters seem to consider "international" (nature red in tooth and claw, the wonders of medical science, the poor and so on) and they hold back as being "too parochial" those dealing in detail with non-international subjects.

Yet the juries showed very clearly this *year* that such nannying is the last thing they want. In awarding the BBC's play *The Spongers* the drama prize, the jury specifically praised "the courage of a country which openly expresses to the world problems which are inherent and particular to its own people."

Likewise, the chairman of the documentary jury complimented *Hospital* for showing not a glittering showpiece hospital considered suitable for international consumption, but "a rather ordinary one in an industrial part of England."

Furthermore Hallam Tenneyson, assistant head of BBC Radio Drama who chaired the radio drama jury, appealed strongly to competitors not to treat the juries like dunderheads by selecting whatever was believed to be the lowest international common denominator.

Certainly those programmes from which I gained most, and which I would most strongly urge should be bought for transmission in Britain, were those which were least like previous programmes, or those that had the strongest national, not international, flavour.

The first, *Nobile or the Castaways of the North Pole*, is French and had (contrary to the festival organiser's request) no sub-titles and therefore could hardly be shown in Britain in the present form. Yet its astonishing story of a 1928 airship disaster in the Arctic, and the subsequent dramatic rescue attempts, was *completely* new and fascinating to me, and would be, I would guess, to many others.

Another documentary, this time from Canada, called *Four Women* gave a highly informative and dispassionate, yet very moving, account of the ways in which four women dealt with breast cancer which, it seems, affects one in every 14 Canadian women. It is not uncommon in Britain, and should be shown.

Japan's *Man Behind the Bomb* was on a fairly well aired subject—the origins of the atom bomb in general and Leo Szilard's role in particular—yet also deserves British air time (there is an English commentary version) for its new research on Szilard and Einstein, and its effective use of animation and other unexpected techniques.

Japan's drama could be a salutary experience for some Britons too: called *Nostalgia, the first Beethoven's Ninth in Japan*, it tells the story of a mo Japanese PoW camp, run by highly civilised officer wh liberal policies led the priso musicians to practise and p form the famous Choral Sy phony for the first time in Jap For anyone raised on *Bridge the River Kwai* and *Camp Blood Island* it would prov a somewhat surprising pictur

On the other hand Americ musical drama entry *Minst Man*, another RAI prize winn offers some images familiar the British: Black and Wh Minstrels. But this shows t real thing, blacks with wh makeup, and the way that th eventually found the courage demand and win their own d nity and take off the hat white greasepaint. The BB "*Black and White Minstrel* can never seem the same agai

TV on Trial from Americ PBS does a very much bett job on the famous Ron Zamora trial and its experimen with the cameras in court than ITV managed earlier this year And in the process it gives a better airing on screen to th violence-cause-and-effect debate than we have seen for a very long time.

Last, and in its calm and un aggressive way best, is a Dutch documentary about Van Gogh . . . and art . . . and popular taste . . . and private fantasies . . . and a whole host of gently observed beliefs and loves and prejudices. Called *A Van Gogh on the Wall* it used the simple idea of appealing on screen to hear from anyone owning a re production of "*Cafe Terrace by Night*," and then showing a col lection of the respondents talk ing about their *pictures*.

It was a quiet but powerful reminder of what a large number of people there are in the world who are not transexuals, not murderers, not torturers, not disfigured, and not even poor. A lot of broadcasting companies could learn from the Dutch.

The Jubilee party scene from 'The Spongers'

Mosaic jazz festival

A rare opportunity to hear 20 of Britain's top jazz musicians in a five-hour feast of contemporary jazz comes on Sunday, October 8 at the Round House.

Titled *The Mosaic Festival*, the concert features groups on the independent record label Mosaic which is owned and run by bassist/composer Graham Collier.

One of the highlights of the British jazz scene in recent years has been the increase of independent record labels, many of them run by musicians seeking an outlet for their own work. Mosaic is one of these so in conjunction with Collier the Jazz Centre Society *is marshalling* all the groups on the label for an unusual evening.

Apart from Graham Collier's Twelve, the Stan Sulzmann quartet, Howard Riley (solo piano), Triton and *Lysis* will play.

Among the 20 musicians will be Harry Beckett, Roger Dean, Alan Jackson, Henry Lowther, John Taylor, Art Themen and Alan Wakeman.

The evening begins at 5.30 p.m., and tickets (£3, £2.50 and £2) are available from the Round House (267 2564).

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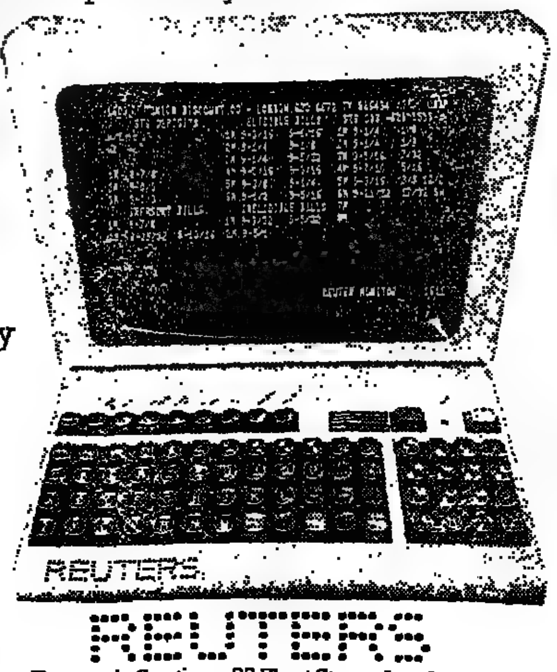

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A two-way street

E FRENCH Government is erstandably proud of the ievements of its car manu- urers. There is general husiasm about the fact that igeot will soon be the largest maker in Europe—if its bid Chrysler's European erests is successful. Indeed, could be said that Peugeot blazing a path which other ench companies will need to low if they are to enlarge ir share of world markets. th some exceptions, French lustry has been more uctant than that of West Ger- iny or the UK to expand by quisition outside its home se. As several French com- entators see it, this is a source weakness: French companies ll need to establish more anufacturing operations, often means of take-over, in other rts of Europe, in North merica and in the rest of the orld.

Protection

There is, however, another de to this coin. If the French spect foreign governments to pprove such deals as the Peu- eot bid for Chrysler, it is only easonable that foreign com- anies should be free to make equisitions in France. As it is, everal foreign companies, in- luding British Petroleum and nost recently Lucas Industries, iave had their bids for French ompanies either frustrated or eriously hampered on what ap- pear to be nationalistic grounds. This is a form of protectionism which, while not as damaging as tariffs, quotas and other re- strictions on imported goods, is hardly consistent with France's membership of the Common Market or with the role which French industry is seeking to play in the world at large.

The Lucas proposal, which has been awaiting official approval since the beginning of this year, is for the British company to acquire the 51 per cent it does not already own in Ducellier, a leading French automotive component manu- facturer. The deal seemed straightforward enough, but it ran into opposition from other French companies in the same sector and from the Govern- ment. The authorities were apparently anxious to see the emergence of a French- controlled group which could hold its own in world markets against the European leaders, Lucas in the UK and Bosch in Germany.

There have been suggestions that approval by the British Government of the UK end of the Chrysler-Peugeot take-over should be made conditional on French approval of the Lucas-Ducellier bid. This is unrealistic, but the coincidence of the two deals does provide an oppor- tunity for reminding the French that international investment by leading industrial companies is a two-way street. French indus- try can hardly be regarded as so weak that it needs to be pro- tected from the competition which inward investment from companies like Lucas will pro- duce; yet there is an instinctive reaction, whenever a significant company is in danger of pass- ing into foreign ownership, to hold up the deal and start a search for a "French solution."

It is true that the search is sometimes unsuccessful and the French authorities have had to accept an unwelcome take-over as an alternative to liquidation. For example, when Poclain, a major manufacturer of construc- tion equipment, ran into finan- cial difficulty, no French rescuer could be found: only an American conglomerate, Ten- neco, ha dthe will and the re- sources to step in with suffici- cient funds to keep the company afloat. But it is the bureaucratic obstacles that the foreign bid- der has to overcome, even in cases of relatively small indus- trial importance, which cause resentment.

Interdependence

When the victim of the pro- posed take-over is thought to play so vital a role in the econ- omy that ownership must be kept in national hands, then the case for Government interven- tion may seem somewhat stronger. That was the argu- ment, and it was a pretty thin one, which was used in the UK in the late 'sixties when SKF of Sweden was prevented from acquiring the British-owned manufacturer of ball bearings. In these days of growing inter- dependence the number of com- panies in which national owner- ship must be retained for stra- tegic reasons is very small; the strategic argument can easily become a cloak for nationalism and can hardly apply to a situa- tion in which an established foreign investor is increasing his stake in a company from 49 per cent to a controlling in- terest. Like any other form of protectionism, an unnecessarily restrictive approach to inward investment invites retaliation.

Protectionism hurts the weak

LEADERS OF the developed world have a tendency to con- gratulate themselves from time to time on the way they have refused to how to the forces of protectionism. And it is true that at successive meetings of the OECD and of the Economic Summits Ministers and Heads of Government have repeatedly re- newed the pledge to free or at least free-ish trade. There may have been a few lapses along the way, but on the whole they have taken the form of volun- tary restraint agreements born of hard economic times. In gen- eral, the forces of protectionism have been held back—at least in so far as they concern trade between OECD members.

Two per cent.

Yet there is another form of protectionism which has been steadily gaining ground. The strong may be bound by all sorts of mutual rules not to pro- tect themselves overmuch from each other, but there are far fewer inhibitions when it comes to protecting themselves from the weak. As Mr. Robert McNamara, the President of the World Bank, pointed out in his speech to the Bank's annual meeting on Monday, this prac- tice has been growing. It is also self-defeating.

Examples of this tendency to restrict imports from develop- ing countries are not hard to find. They concern such obvious items as clothing, textiles and footwear, but more recently they have extended to more ad- vanced products such as steel and television sets. Practically every member of the OECD, either individually or collec- tively, has taken measures which limit imports of some or all of these goods from the third world. The pressures from dom- estic lobbies to do so are often very strong, but the economic justification remains elusive.

It is of course impossible to square the practice of restrict- ing third world exports with the avowed aim of encouraging the third world to develop. That should go almost without saying, though the fact that the practice goes on while the aim is still professed suggests that the contradiction is not widely understood. Yet this form of protectionism not only hurts the developing countries; there is also very little evidence that it helps the developed.

Mr. McNamara gave some figures. Developing countries at present supply less than two per cent of the manufactured goods consumed in the industrialised world. Moreover, even when you break down that two per cent into particular categories, the percentages are still striking not because they are large but because they are so small. In 1974 developing countryclothing and textiles together made up only eight per cent of the market in West Germany, six per cent in the UK, four per cent in the U.S. and Japan and two per cent in France. The figures may have gone up since, but not to the point of an explosion.

It is also a fallacy that it is these imports from the third world which have created un- employment in the developed countries. Mr. McNamara cited a West German study of manu- facturing industry for the period 1962-75. It shows that for every 48 workers displaced by techno- logical improvements, only one was displaced by imports from the third world. Even in cloth- ing, where the technology was relatively stable, the ratio was more than three to one. There is, too, the case of our own clothing industry where there have been casualties not just from third world imports (some of the imports have actually come from the developed world) but from British firms' failures to keep up with changes in taste and demand.

Not least, there is the fact that restricting third world ex- ports in turn restricts the ability of the third world to buy. Far from curing unemployment in the developed countries, it limits the markets for the goods that are produced because the developing countries do not have the money to absorb them. It is indeed a vicious circle achieved by the desire of the strong to protect themselves from the weak.

Mr. Vorster's parting shot to world opinion

BY QUENTIN PEEL, Johannesburg Correspondent

WHEN MR. John Vorster last week launched his parting shot as South African Prime Minister, and set the mandated territory of Namibia (South West Africa) on a unilateral path to inde- pendence, his decision reduced the Western embassies in Pre- toria to a stunned silence.

Those diplomats who had been involved in the 18-month long exercise to negotiate an internationally-acceptable settle- ment in the territory genuinely believed that South Africa had gone so far along that road that it would be impossible to turn back. Yet that is exactly what Mr. Vorster did. His decision to press ahead with elections without any UN supervision or control would seem to lead in- exorably to an unrecognised independence in Namibia, and to a dramatic increase in the level of demands for inter- national action to be taken against South Africa itself.

The Western shock at Mr. Vorster's seemingly inexplicable move, which achieved the maxi- mum sensational affect by being coupled with his decision to re- sign as Prime Minister (for ill health, although he never said as much), appears to be based on a fundamental miscalcula- tion of the motivation and des- peration of South Africa's rul- ing Afrikaner elite.

With considerable delibera- tion, Mr. Vorster jettisoned the one real hope for a peaceful settlement in Southern Africa when he rejected the UN plan for a ceasefire and free elections in Namibia. The only explana- tion can be that it went too far in compromising his basic prin- ciples, and those of the ruling National Party.

"It was an inevitable decision once it was obvious that the West was simply not concerned who would become the govern- ment of South West Africa," according to one leading National Party MP "They were not worried whether it was Marxist or not. All the West wanted was a stable govern- ment.

Neither way

"If SWAPO (the nationalist South West Africa People's Organisation currently fighting a guerilla war in northern Namibia) had won, they had promised to turn their guns on South Africa. We were not pre- pared to accept that. If they had lost, they would have gone on fighting. Neither way could we accept them."

The official South African argument has been that the pre- sence of some 7,500 UN troops in the territory would have given SWAPO an unfair psycho- logical advantage—because the UN has always favoured SWAPO's cause. But there was undoubtedly a widespread feel- ing in the National Party that the nationalist movement, whose external leadership has increasingly identified itself as revolutionary and socialist, could not be allowed to win under any circumstances.

That view has finally pre- vailed in the Cabinet, and Mr. Vorster's announcement was based on the Cabinet consensus, whatever his own inclination. Indeed, although there had been divisions within the Cabinet on the strategy to be pursued in Namibia, political observers here believe that the final deci- sion to go it alone was unani- mous.

Doctor's orders

At such a time, Mr. Vorster's decision to accept the doctor's orders and resign must have horrified his Cabinet colleagues. Their desire to keep his hand close to the political controls, combined perhaps with the in- evitable unwillingness of a poli- tical leader to let go completely, must have combined to make him accept nomination for the job of state President, in spite of the pressures that such a largely ceremonial job will still entail.

Even if he is still on hand to give advice, Mr. Vorster's successor will have to face a situation of unprecedented international pressure, com- bined with internal uncertainty. The parliamentary caucus of the National Party, which meets tomorrow to choose its new leader, and thus automatically the new prime minister, will be electing a man who may have to become either a war leader, or engineer a complete trans- formation of attitudes within his community to reach an internal and an international compromise.

The decision to ignore the U.N. in Namibia means that South Africa will have to step up its war effort along the Angolan border. Already that operation is tying down some- thing approaching 20,000 troops, and has been the single largest drain on a military budget which has shot from R256m (£160m) to R1.5bn (£940m) between 1966 and the current year. The move is something of a gamble in terms of white morale, for it is a war which it is difficult to present as directly in defence of South Africa itself.

The very real possibility of a deterioration of the military situation in Rhodesia means that the South African defence force has also had to build up its presence along the Rhodesian and Mozambique borders, with the establishment of new army and air bases in the Northern Transvaal. There is still strong resistance within the National Party to any suggestion that South African troops should be used to bolster the Rhodesian war effort, but it is an argument which becomes less tenable if they are heavily involved in Namibia, another colonial neighbour.

The immediate threat over Namibia, and one which the Cabinet undoubtedly weighed up in reaching its decision, is that of further international sanctions being introduced against South Africa. The decision by the U.N. Security Council to impose a mandatory arms embargo, following the nationwide detentions of black dissidents last October, means that South Africa has already been declared a threat to inter- national peace. A further exten sion of U.N. sanctions would therefore be fairly straight- forward in terms of inter- national law.

In the first place, the decision to press ahead with an internal solution in Namibia is presented in Johannesburg as a move to call the bluff of the Western nations, which insisted that they would scarcely be able to resist the pressure for sanctions if South Africa failed to agree to an internationally-acceptable settlement. Britain in particular is highly vulnerable to an economic backlash, with an estimated £5bn in investment within South Africa, and some 70,000 jobs at home dependent on British-South African trade. Moreover, it is by no means clear if South Africa will be prepared to retaliate against sanctions by withholding sup- plies of such essential raw materials as gold, chrome, uranium, platinum or man- ganese, in each of which it supplies a significant proportion of the world market.

John Vorster: jettisoned the one real hope for peace in Namibia

Strategic goods

Some sort of economic action, however, is clearly expected even if it falls short of the demands of the Organisation of African Unity. Mr. Pik Botha, the Foreign Minister, admitted as much last week when he said that if sanctions were imposed they probably would have been unavoidable for the South African Government anyway. To some extent, the economy is prepared. At the end of a pro- longed four year economic recession, there is substantial spare capacity to replace imports. Strategic goods which could not be quickly manufac- tured in South Africa have been stockpiled—such as ball-bear- ings, computer and electronic parts and strategic chemicals.

Oil is the one commodity which South Africa cannot re- place. Informed estimates put the current stockpile, held pri- marily in disused mines, at be- tween 18 months' and three years' supply, depending on how successfully consumption could be reduced in the face of a total embargo and blockade. Produc- tion of oil from coal, pioneered at the Sasol plant at Sasolburg, provides barely 4 per cent of fuel consumption, but the Sasol 2 plant at Sekunda, currently under construction, would push that up to 28 per cent of con- sumption in 1980/81. Govern- ment sources suggest that Sasol 2 could be brought on stream earlier, at least for some limited production, while the oil stock- pile would be used until it was producing. Oil is actually used for only some 25 per cent of South Africa's energy needs, so an embargo would hit transport, but most industrial production would be unaffected.

The measures taken by the South African Government to promote industrial self-suffi- ciency, for instance by pushing through a local content pro- gramme in the motor industry which now stands at 66 per cent, have been widely publicised within the country, as have been the drawbacks to the Wes- tern nations of backing any sanctions move. Indeed it is argued that in the short to medium term, sanctions could even result in a domestic import replacement boom. But in the long run, there is no doubt of the damage that sanctions could effect.

Probably the most serious effect would be in retarding economic growth because of the inability of the domestic economy to generate enough investment without foreign capital, and forcing investment for strategic reasons into rela- tively capital intensive areas. Both would aggravate the already serious levels of black unemployment in the country —variously estimated, in the absence of reliable official figures, at between 1.5m and 2m. Senior government advisers admit that, at the savings and investment ratios prevailing so far this decade, economic growth without foreign invest- ment could fall as low as 2 per cent. It is a long way short of the 5 to 6 per cent which it is estimated is needed to absorb the numbers of additional black workers entering the labour market every year.

Embittered relations

Growing black unemployment can only exacerbate the already embittered relations between the black and white communities. Finding some successful solution to internal race relations thus remains the overwhelming problem facing an incoming prime minister. So far all efforts to adapt the strict formula of separate develop- ment, the essence of National Party policy, have brought no tangible results.

What efforts have been made simply to dismantle some of the most glaringly discrimin- atory features of petty apartheid, such as the segrega- tion of public parks, post offices and other public amenities, have already started to run into a considerable white backlash. At the Transvaal congress of the National Party two weeks ago, when rumours of Mr. Vorster's ill-health first sur- faced, the main debate revolved entirely round the issue of whether white amenities were being opened up to blacks too fast: 10 speakers spoke in favour of greater segregation, while only three spoke against.

The much vaunted attempt to draw up a new constitution which would grant separate parliaments to the coloured (mixed race) and Indian com- munities, alongside the white parliament, has so far run into majority opposition in both groups because it still seeks to exclude any black participation. But the continuing efforts to persuade the black homelands to accept independence has most recently resulted in a landslide victory for the anti-independ- ence opposition party in Venda, which won 80 per cent of the elected seats. That result has actually not changed Venda's progress to a planned independ- ence next year, for the ruling Chief Minister, Chief Patrick Mphephu, has simply detained a majority of the newly elected members.

The lack of consolidation of the homelands, and the lack of any more than municipal political rights for urban blacks, remain major stumbling blocks to any wider acceptance of the Government's policies, even among more conservative blacks.

A new Prime Minister must find some way of breaking the deadlock between white fears and black aspirations. Of the three candidates facing the National Party caucus, Mr. P. W. Botha, as Minister of Defence, is most qualified to face a hostile world, but least prepared to alter basic tenets of the party policy. Dr. Connie Mulder has expressed himself as ready to adapt his tactics, as the present Minister responsible for black affairs, to meeting changing circumstances, but only within the strict frame- work of party policy. Mr. Pik Botha's public stance on internal issues is probably the most "liberal." He declared in his election address that he was not prepared to die for an apartheid sign in a lift. But like his colleagues he remains bound by the strict discipline of an all-powerful party.

In spite of his dominating public stature after 12 years as Prime Minister, Mr. Vorster never threatened to change the basic tenets of self-preservation of the National Party. His final decision on Namibia is yet another illustration of the strict limits on the extent to which the party faithful are prepared to compromise to reach a peace- ful settlement. The chances of his successor going further must be decidedly slim.

MEN AND MATTERS

BP oils the Amnesty wheels

Amnesty International has a new and unexepected admirer in the shape of BP. A recent campaign on behalf of those imprisoned by South Africa has led to BP's planning to become a subscribing member.

Company secretary David Sarre has written this to Amnesty, adding that he is impressed by the way Amnesty International investigates cases of infringements of human rights. The company argues that some years ago Amnesty would never criticise left-of-centre regimes but says it has now changed. Asked if BP too has changed a spokesman claimed that this was also the case. And the Bingham Report? A laugh and the comment: "You must read every page."

If BP has overnight become a strange pacesetter, other com- panies make it clear that they are unlikely to tag behind. BP was one of the 170 companies with interests in South Africa to whose chairmen British members of Amnesty wrote on September 12, the first anniver- sary of the death in police custody of the black South African leader, Steve Biko.

The letters gave details of Amnesty's findings on South Africa and asked the chairmen openly to support these and to write to South Africa's Prime Minister and Minister of Justice on behalf of a number of South African prisoners.

Amnesty tells me that it has so far had a disappointing response. Apart from BP—which only expressed its con- cern about infringement of human rights in general terms—it has had few answers, apparently none of them posi- tive. Amnesty says that it wrote to Shell, ICI and Unilever but all these insisted that their chairmen had received no such letter. As for Barclays Bank International it says that it has replied, that the matter is still under consideration, and that it is not inclined to get involved. In what is perhaps an unfor- tunate choice of words, its spokesman tells me: "Our past experience shows that involve- ment never pays."

Dust up

"I'm still trying to work out what's going on," James Kenna, 50, a bewildered dustman from Westminster cleansing depart- ment, confided to me yesterday amid the bustle and bustle of Burlington Arcade in Mayfair. But then Kenna was hauled away from me into a vortex of clicking cameras, champagne and oysters, in short a typical public-relations occasion, punc- tuated by the reason for it all —Kenna and the Duchess of Devonshire unveiling a plaque commemorating the Govern- ment's listing of the arcade as a "Grade One site of outstanding historical and architectural importance."

"It's a bit of a comfort to think when you look round poor old London that with a little bit of luck it won't be pulled down," said the Duchess, better versed in such occasions.

Foreign tourists were then treated to the unusual spectacle of Stanley Holloway, four days short of 88, leading group sing- ing of the chorus "With a little bit of luck."

His connection? According to the publicity people, that he immortalised dustmen as Alfred Doolittle. And Kenna's? "Regency Londoners had an untidy habit of throwing oyster shells onto the dust tip which is now the Burlington Arcade."

That may strike Kenna as a somewhat tenuous connection as he empties the bins in Picca- dilly at dawn today. He tells me his work has never actually taken him into the arcade, and he certainly does not shop there: "It's a bit too posh for me."

"It would be goodbye to all Party Political Advertising for a start!"

Bell's crystal

Two cases of champagne but, apparently, no punter's profits have come the way of Edith Bell for winning a competition to forecast the future of the stock markets in London and New York. Sue manages the Bank of Scotland's unit trust department and tells me she has no direct line to the future. "There's nothing magical about the crystal ball I use. It's just hard work."

This unglamorous method led her in July to predict the level of the FT share index on Sep- tember 1 to within 0.4 points and that of the Dow Jones index to within 9.31 points. But now she says that she is retiring from forecasting. "That is the only time I've publicly expressed an opinion and it's my last one. I leave it to the experts. They have to get it right every time. I can only get it right once."

On that at least I hope she is correct as, when asked about the future, the oracle turns Cassandra. For the Dow Jones index she does not see good prospects while in London she says that "in the short term the FT index will perhaps rise a bit, but for the end of the year there are great uncertainties on the horizon. I think we might see the index below 500." We shall see.

Toothsome love

I hear that dentists as well as doctors are effected by the problem of amorous patients. The Medical Defence Union's annual report, always fascinat- ing reading, informs me that one of its dental members was worried by the more subtle approach of a letter from a patient "hoping he would not be offended if she spent St. Valentine's night dreaming of him."

The report observes that "although the threat to his professional interests appeared slight," he was advised to fend off even this innocuous-seeming overture, just the kind of thing that led to trouble.

The MDU says the problem has become such a headache it has produced a film called "Tom, Dick and Harriet," to guide members round the emo- tional pitfalls they are likely to encounter standing over the dentist's chair.

Meanwhile, the romantic letters received by doctors and dentists continue to accumulate in a special file at the MDU's offices in Devonshire Place. "The practitioners are often at their wits' end when they come to us," a union executive told me. "The don't know what has started it and they don't know how to stop it."

Observer

When one has known a certain way of life, and rising costs look like taking it all away, who is there for people like us to turn to?

There is the Distressed Gentlefolk's Aid Association.

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FINANCIAL TIMES SURVEY
Wednesday September 27 1978

Industrial Property

In contrast to the sluggish tone of industrial activity a minor boom in factory and office building is developing. The chief reasons seem to be the legacy of shortfall created by the collapse of the property market in the early seventies and the growing weight of institutional funds seeking investment outlets.

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John Brennan
rty Correspondent

VIEWS of the industrial rty market have come er with a confusing clash ear. On the one hand we a depressing mass of ice to show a sluggish rate ndustrial expansion in n and, more critically, ice that businessmen are eluctant to invest in new rial capacity. On the hand we have seen a surge ew industrial property pment.

look at the surveys of ss confidence might sug- nat new factory and ware- building serves the needs esting institutions rather meeting any genuine d for modern industrial modation and yet com- industrial schemes con- to attract tenants even at determined more by cost nvestment yield require- than by any great pres- f competitive demand. s impossible to reconcile these conflicting market themes within the framework of traditional property analysis.

In weighing up supply and demand equations in the property market observers tend to think in terms of office property. In the office market a cycle of growing letting demand met by a period of active development has in the past led to over-supply, a cessation of new building and a subsequent build-up of letting demand again. Retrospective analysis turns up neat cycles like this in every developed property market. They may not be easy to judge at the time, but market historians should have little difficulty drawing tidy patterns through the confusion.

These patterns simply do not fit the industrial property market. For one thing, the development time scale for an industrial building is far shorter than for an office scheme. The dramatic up and down sweeps of the office market can be evened-out where completed buildings can normally be provided within a year of identified demand.

But there is another critical difference between the office and industrial markets that is far less obvious. That difference lies in the nature of demand for new space.

From the evidence of speculative developers throughout the country it is clear that demand for factory and warehouse space is far less sophisticated than demand for office property. There are a number of reasons for this. For one thing, management structures in Britain have tended to favour the promotion of financial, rather than production orientated staff. Few board rooms are without a number of accountants, the odd lawyer or two, and perhaps the occasional residual member of an old propriatorial family. The mix varies. But the few companies who have production staff on decision-making boards who are still in touch with the shop floor stand out as exceptions to the rule.

Subjective

The effect of this management pattern is that decisions to take new industrial space seem in the past to have been given less main board time than decisions to move offices. Anyone who has seen the care taken by office letting agents to achieve just the right impression with an entrance hall will appreciate how subjective space taking in that market can be. And subjective decisions are the perogative of a main board.

One further wedge between top level decision making and industrial property acquisition is the physical separation of headquarters offices and production plant. Unlike the office-industrial campus sites common in the U.S., established British industries tend to keep white and blue collar work as far apart as decently possible.

Industrial relations experts may have helped to bridge that traditional gap a little or at least papered over it with sociological jargon. But the chairman's visit to a plant is still very often an event drawing out the cans of white-wash and differing from a distinguished old boy's school visit only by the absence of a speech granting a half day's holiday.

For industrial property development these facts mean an entirely different view of letting demand from the office market. If a production manager can get a new plant sanctioned he tends to jump at the nearest and most readily available space. And, partly because of this haste, there is a very strong element of rent insensitivity, possible because even at the top end of current industrial rents property overheads are unlikely to account for more than 10 per cent of overall production costs.

This unsophisticated approach to industrial letting may eventually be worn down by union pressure for improved working conditions, and by the growing awareness that modern accommodation can mean improved productivity. But there is a long way to go before the average British industrialist thinks about industrial accommodation in the same depth as most of the major international corporations whose, perhaps excessive interest in the nuts and bolts of a new factory generally pushes them towards specialist built pre-lettings and own-developments.

Determine

Because of the difficulties in getting a firm forward letting decision from industrialists, speculative schemes at a time of low industrial investment appear far more risky than they really are. Once completed, a reasonable building in a reasonable location can be marketed far more easily than a greenfield site and a set of plans. As rents are less critical than the need for immediate occupation developers and financing institutions are increasingly able to determine industrial rental levels in a vacuum. If site costs, building costs and investment yield requirements demand a rent of £2.20 a sq ft, £2.20 a sq ft becomes the norm.

From a developer and an institution's point of view the lack of industrial property expertise among corporate decision makers has a negative side. Without in-house advice, industrialists turn to the commercial estate agents. We then have the faintly ludicrous situation of a totally artificial letting market.

In one corner, the developer and his fund cheering on their champion, the scheme's letting agent. In the other corner the industrialist, with a production manager tugging anxiously at his sleeve and worrying about lost orders in an old plant, both cheering on their negotiator. This negotiator knows the current market rents for the area for both he and his opponent—the institutional letting agent—have reversed roles many times. As that market rent was set by the costs of development, and as the industrialist won't worry about a few shillings either way, this mock battle has all the bitterness of a scene by Lewis Carroll. Rents are agreed, fees paid, and honour is satisfied. But a rational market? Surely not.

In his review of industrial accommodation James Morrell Director of the Henley Centre for Forecasting, argued that new industrial buildings were needed urgently if British business was to be made efficient enough to survive in an increasingly competitive world. This long term need to rehouse industry lies behind the truly rational market for industrial property. But here again artificial restraints confuse.

This wider element of artificiality in the market is caused by planning controls. No one can doubt that there is more than sufficient building land within our cities and on their fringes to rebuild every out-dated factory and warehouse in the country. And yet industrial building land in the South East can be sold for as much as £300,000 an acre, far above the prices seen at the very peak of the last property boom.

The failure to operate the Community Land Act in the way it was envisaged, in part a failure of Governmental and local authority with an unwillingness to financially prime such a basically revolutionary concept as municipal land ownership, and a simple lack of expertise in its management, keeps countless square miles of land off the market. The Development Land Tax makes landowners reluctant to release land. Planning controls formed when industrial schemes were viewed as environmental scars and operated by non-commercially minded councils generally controlled by councillors whose policies are shaped by constituents concerned with residential rather than commercial property, ties up still more potentially developable land and delay work on far more.

There are exceptions. Councils who actively work to attract new employment, development agencies pushing ahead with advanced factory building in unpromising areas, and inner city regeneration programmes. But in general, industrial development sites are not easily found.

One result of this is that speculative developers tend to push ahead with building work on any piece of ground they can find with a clean planning consent. And that is not necessarily the most rational way to create the next generation of industrial accommodation.

Institutions and property men make the expected noises about planning controls, warning of the dangers of tampering with market forces. But in the final analysis would the funds and the developers really welcome a totally laissez faire market? I doubt it.

Analogy

By restricting the number of industrial development sites, whether by accident or design, the rental, and therefore the investment value of existing industrial estates is artificially maintained. An analogy with the office market works well here, for who would pay current City of London office prices if the City covered, say, five instead of one square mile? In the same vein, it is doubtful if there would have been the same hectic institutional buying and forward funding of industrial property in the past 18 months if industrialists could throw up a factory or warehouse on any field they fancied.

We come therefore to the one real supply-demand equation in this market. The simple weight of institutional money chasing a restricted supply of industrial investments. The funds can almost afford to take the eventual discovery of an industrial tenant for granted as long as there are only a relative few modern buildings to meet the needs of industry. And planning controls ensure that however active the developers become, they will still only be scratching the surface of the latent demand for new space in this country.

This picture does, of course, resolve the apparent conflict between a low level of capital formation and a high level of industrial development. Over the entire country estimates of empty industrial space only run at between 5 and 7.5 per cent of the total factory and warehouse stock. Exclude older buildings from the vacant figures, exclude buildings which are no longer located in the main stream of industrial activity and we are left with an insignificant proportion of unlet space. Set that against the true demand for modern space, the effective demand being forced on industries by new technology, new markets and increased union pressure for better accommodation, and the present development boom begins to be seen in its true light—a long-overdue and long term catching up process that is only just getting into its stride.

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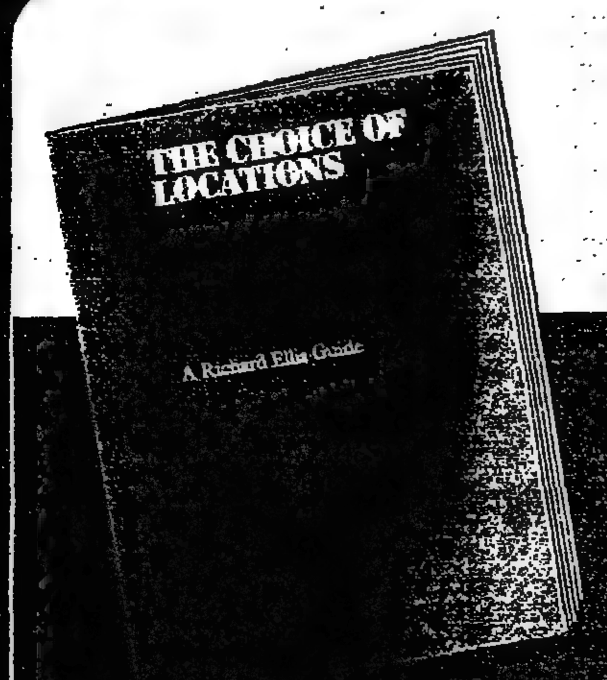

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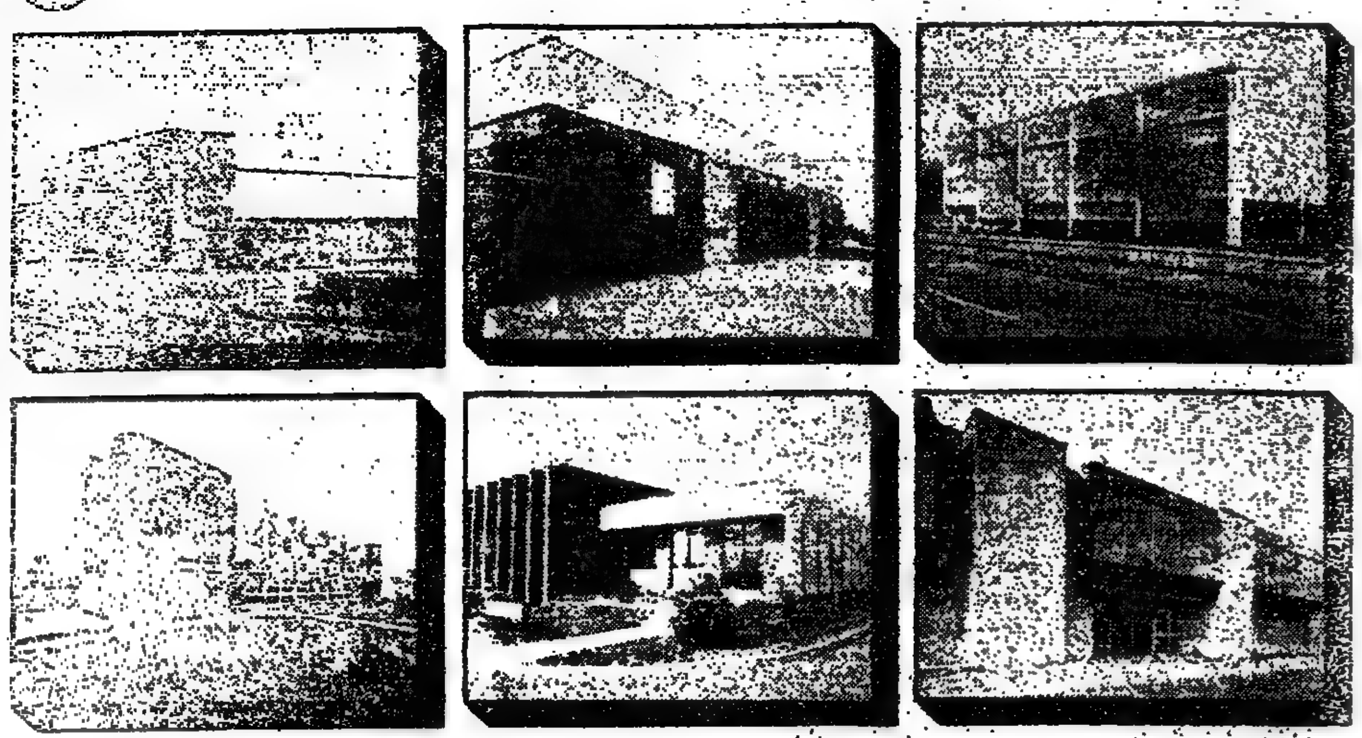

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Investment

The institutions' role

PROPERTY HAS long been recognised as an acceptable investment for part of the assets of life companies and pension funds. It is essentially a long-term investment and life and pension funds are both long-term investors. It provides them with steadily rising investment income from the rent reviews and thus an increase in underlying values that should provide a hedge against inflation.

But security is always of paramount importance in dealing with investments and until recently these funds in general avoided holding industrial property in their portfolios for a variety of reasons. Doubts were cast on the permanence of the tenant, on the difficulty of reletting what was considered a one-purpose building, on the problems of getting adequate rent increases in the reviews. Offices and shops were regarded as best for the property portfolios of life and pension funds.

The situation now presents a complete reversal of this view. The funds are actively engaged in industrial property development as well as in buying existing holdings. Considerable funds are being channelled into this sector of the property market. What has brought about this change in attitudes?

To start with one has to appreciate that there are basically two types of industrial property—the heavy such as chemical plant, heavy engineering works and the like and the light industrial and warehouse type.

The institutions are still not interested in the heavy end of the market, at least for direct property investment. These properties are still very much buildings that cannot be used for anything other than the original purpose. It does not make commercial sense to develop or buy such an investment and the financing should come in some other manner, such as by a mortgage or an equity issue.

With light industrial properties and warehouses it is a different matter. The units are much smaller, so the investment manager can get the desired spread of investments without having to put in too large a proportion of his money. The spread of investments to minimise the risk of failure is a cardinal principle for institutional investment.

These properties are also designed so that their functional use can be changed with a minimum of expenditure. A warehouse for certain types of goods can be easily adapted for other types of goods. A light industrial factory can be adapted for the manufacture of another product. This adaptability has a two-fold implication.

Tenant

In the event of default of rent by the existing tenant, it is not too difficult to find another. The institution is not left with an empty building on its hands. This feature then leads to the second implication. Because it is easier to find new tenants the market is buoyant in fixing realistic rent increases at the next review. The institutions' hands are not tied in the negotiations by difficulties in finding another tenant.

The next factor that has swung institutions in favour of industrial property is that it is very much easier to adjust the supply situation to meet the demand. This factor was overlooked in the 1974 office boom. When the demand situation changed, as it did dramatically, the developers were left with uncompleted office blocks that were worthless.

With an industrial estate the developer just stops building if the demand changes, but he gets revenue from the properties already built. This flexibility has considerable attractions to the institutions which are getting more involved in development.

Finally, so far as institutions are concerned, there is still an attractive yield differential between industrial, shop and office properties. The current yield patterns on absolute prime properties, which cannot be obtained in practice, show 4 per cent for shops, 5 per cent for offices and 6½ per cent for industrials and warehouses. This yield differential pattern will apply for other prime properties.

The demand for light industrial and warehouse space has remained steady in recent times, while the growth in rents, which are usually reviewed at five-year intervals, has been at least proportionate to that of shops and offices. In some cases it has been very much in excess. Like all property rent reviews it is very much subject to local supply and demand.

With a much higher investment rating on industrial property, the institutions have been endeavouring to increase the proportion held in their portfolios. This is not easy since the only convenient manner of doing this is to alter the emphasis on new money. This has seen a strong demand from the institution for industrial property *vis-a-vis* shops and offices as they endeavour to increase the proportions.

In looking at the proportions held by the various funds, it has to be remembered that each proportion is as much a function of the age of the funds as of current investment policy. A new fund will *ipso facto* have a much higher proportion of industrials, compared with a long-established fund.

The major institutions have long lost their reluctance to get involved in property development: this applies as much to industrial development as to other forms. It is stated that this has been forced upon them by a shortage of completed prime industrial sites, that if they want industrial property the institutions have to go into development. But fund managers state that this is not so — that there is still a good market for prime completions. The reasons for moving into development are more fundamental.

In the first place it enables the institution to obtain a wider spread of investment holdings. Secondly, it offers the prospect of a higher return. But most of all the institutions have taken over a role formerly done by specialist property developers alone, because of the changing financial climate.

Collateral

It is now much more difficult to obtain short-term borrowings from banks and other financial sources for development. The underlying collateral is examined with great care. Often lending will only be made if a purchaser has already been lined up.

The financial institutions have stepped into this partial vacuum but they are not interested in financing through short-term loans. They want a share of the long-term equity. This trend is likely to grow in the future. Certainly most of the money available for future development is going to come from pension and life funds.

Whether this is a good development is something that is occupying the attention of the Wilson committee. But fears are being expressed that it will mean the neglect of the building of small factory units for the small entrepeneur and this is felt likely to be detrimental to the long-term health of the economy.

Eric Short

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Development

Signs of renewed activity

ALTHOUGH THIS year there has been some slowdown in the rise in building costs there has not been any major upturn in the level of industrial development work. Indeed it is quite possible that there is less work about at the moment than in the last quarter of 1977. As such some of these extra costs are continuing to be absorbed by the contractors in an effort to keep the workload ticking over and the workforce active. But of late there has been a strong speculative demand from the institutions for prime sites for warehouse/factory development and when this work is put out the position could change radically.

Since the past property boom in 1973 material and labour costs have been rising on the back of inflation. But the level of activity in industrial development has been held back by the industrial recession, high interest rates, and the strain on the institutions' liquidity. This left the contractors with little alternative but to reduce profit margins and administration costs to maintain turnover.

Increases in material costs were not passed on in full and even the architects, engineers and surveyors reduced fees to attract business. Over this period it has become noticeable that the construction companies as opposed to the development-orientated companies were playing a more active role in the field of industry development.

Limit

With costs rising between 15 to 20 per cent per year it was generally felt that the capacity to absorb further increases reached a limit by the end of 1976. The cost of constructing a conventional single-storey industrial estate development rose from about £6.50 per square foot to about £7.50 or £8 in 1977. Contractors had to quote higher prices but even then they were still on very modest profit margins.

At that stage the outlook looked very ominous for 1978 and many expected a cost explosion. This, however, has not really materialised. By the end of June this year it was estimated that comparable costs had risen to about £8.50 to £9 per square foot for a rise of around 13 per cent over the previous 12 months.

There are a number of reasons why this rise in costs has been relatively modest. There is an oversupply position in steel throughout the world and this is the largest single factor in the construction of factories and warehouses. And while there has been some upturn in development activity from the depressed levels of 1974 to 1976 the cut-back in Government and local authority spending in other areas of the construction industry has forced the contractors to remain price competitive.

The fact that trading has remained difficult at a time when the pundits are confidently forecasting a marked improvement in the economy has led to some shortage of prime industrial sites. During 1977 there was a sharp reduction in interest rates which coupled with improvements in liquidity positions encouraged the funds to invest once again in prime industrial sites.

Rents

The number of lettings carried out has improved significantly and this has resulted in an upward trend in rent levels for prime property over the past year. Rents for prime positions around London are now approaching £3 per square foot.

But the steady rise for investments in a market where there is a limited supply of prime developments has led to a fall in yields. Industrial and warehouse developments are now yielding about 6½ to 7½ per cent against 8 to 8½ per cent at the start of 1977. The fall in institutional investment yields, leading to higher capital values for completed schemes has more than compensated for those construction cost increases that were being passed on.

Given this climate of rising capital values, and rents during a period of relative stability in construction costs, it is hardly surprising that there has been a sharp upturn in speculative demand for prime industrial land. Indeed the developers and financial institutions are now engaged in fierce competition to acquire prime sites for factory/warehouse development the like of which has not been seen since the property boom of 1973.

This has naturally sent land prices in certain areas rocketing. In London recently land values have been exceeding £200,000 per acre. It is now looking as though the figures could return to the levels seen in 1973 when prime sites were changing hands for sums approaching £300,000 per acre in London and £100,000 per acre in a number of prime provincial centres.

Given the level of demand for land of late and the volume of work that this must eventually create it can only be a matter of time before the contractors are confident enough to pass on the escalating labour and material costs.

It is estimated that over the next 12 to 18 months there will be a sufficient upturn in building activity to cause significant shortages of both labour and materials which will inevitably result in further substantial cost increases. These costs will be passed on as the contractors seek to restore their dwindling margins.

Some agents are now advising their developer clients who may be sitting on prime locations where finance has already been arranged to act quickly and place contracts now. There might even be a case for taking on slightly higher costs per square foot if some form of guarantee can be obtained.

The contractors therefore seem well placed to recapture some of the lost ground, since they seem to be the most aggressive industrial developers on the scene at the moment. Certainly most of the new work being taken on at the moment is with the construction-based companies. However, in the short term there may be a few problems in arranging finance. Some of the institutions are bound to hold back to see if the increase in rents will be sufficient to offset rising building costs and land prices. They after all will be looking for well secured and profitable yields. It is noticeable that one or two new developments are being financed by the contractor.

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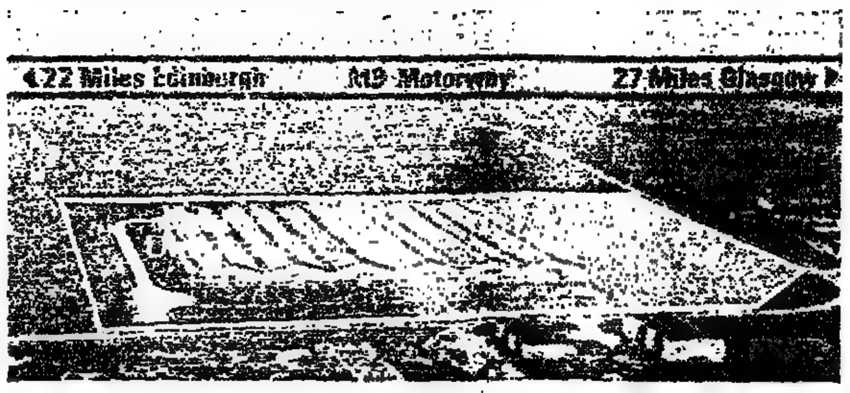

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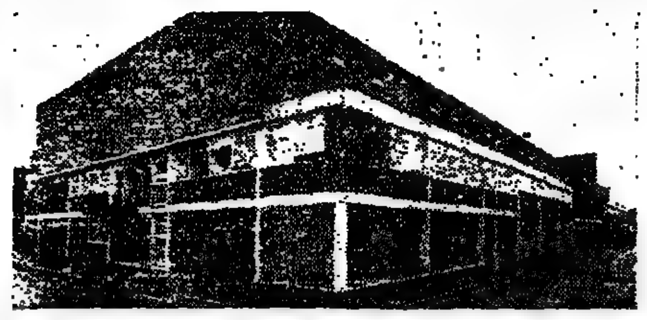

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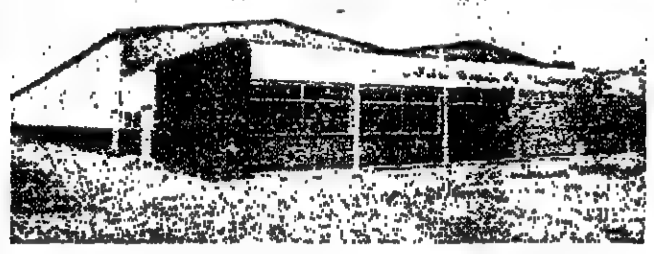

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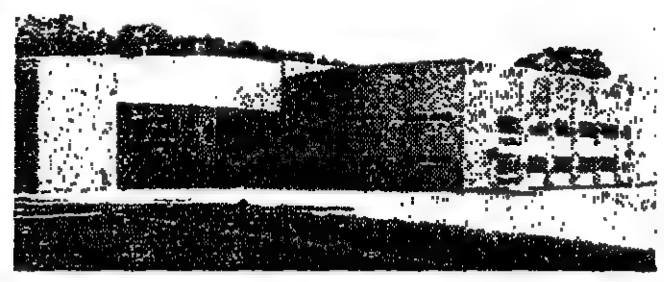

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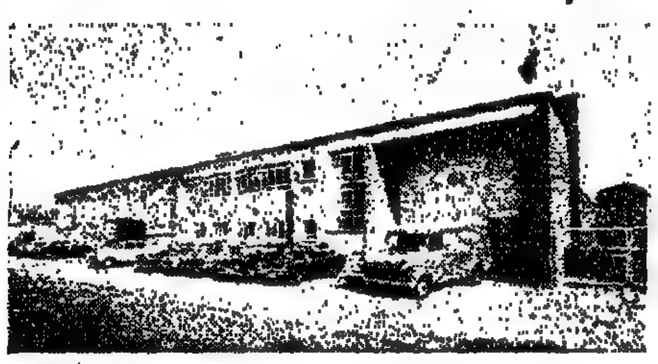

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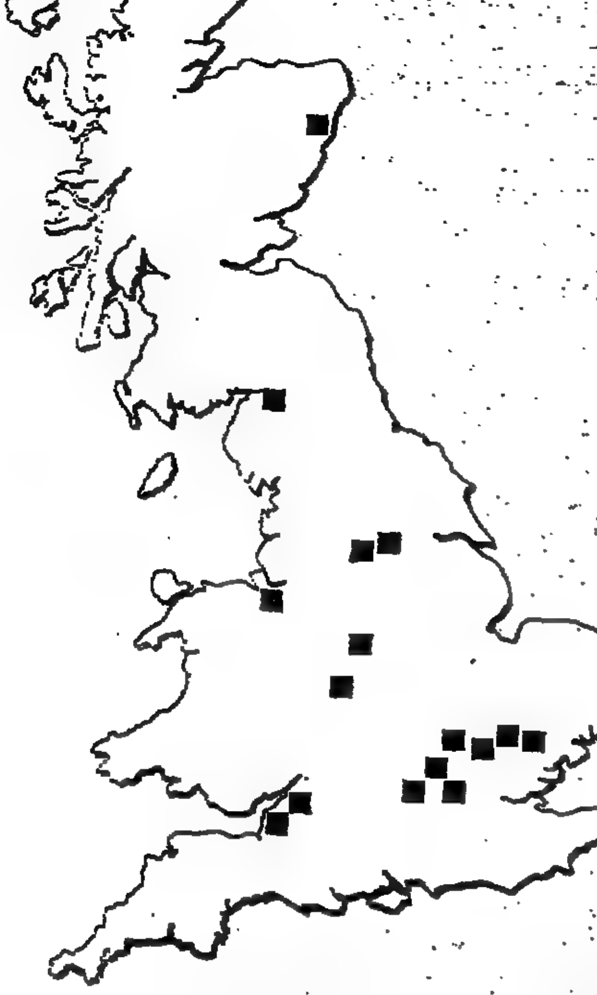

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London and the South East

Too many strategies

SOME MYSTERIOUS force seems to be at work in the planning community of London which guarantees that rarely will more than 12 months go by without yet another strategic report, development programme, transport policy change or other fundamental shift in the concept of the direction the capital is heading in.

In the last 12 months alone a serious proposal for the Docklands—entailing turning it into a virtual free trade zone with no rates, only primitive planning and building regulations, and no industrial development certificates—has surfaced and then, apparently, disappeared again.

No sooner was this debated than a broader scheme to encourage industry throughout the capital was also mooted and then decisively defeated in the Commons on the basis that with the passing of the Inner Urban Areas Act it was irrelevant.

At the same time the Conservatives in the Greater London Council commissioned a report by Sir Frank Marshall which recommended yet another fundamental shift in the relationship between the Home Office, the GLC and the individual boroughs.

Sir Frank proposed that Whitehall should lose a number of its strategic responsibilities in the Greater London area. They should be assumed by the GLC, which should have all policymaking control of finance, transport, housing, roads, education, and health. Some existing GLC responsibilities should devolve to the boroughs but in the main the latter should be regarded as executive bodies carrying out the day-to-day implementation of the GLC's policies.

Theory

Sir Frank based his view on a theory that the capital's decay over the past two decades since the London County Council was restructured has stemmed from the lack of a clear-cut role for the GLC.

The Marshall report has yet to be translated into anything more than an essay but meanwhile London is still inexorably shrinking—from 8.5m citizens pre-war to 7.4m in 1971 and 6.9m at the last count.

More worryingly, from providing a fifth of the country's jobs it now offers only 18 per cent. And whereas a third of all its jobs in the 1960s were in manufacturing, now only 22 per cent of the total is not in service industries. Furthermore, the GLC has calculated that a further 300,000 jobs could be lost by 1981.

A perennial problem with keeping and attracting industry to London has always been the road and transport structure. Here too any number of schemes have been dreamt up and scrapped over the past decade.

At present three massive programmes are in various stages of planning, execution and—inevitably — controversy. The M25 orbital motorway, for instance, is going through the planning process of piecemeal public enquiries over disparate stretches. While this goes on there is a growing opposition which wants the whole concept of the motorway opened up to public debate.

More recently details of a new inner ring road have leaked out of County Hall to the embarrassment of the transport committee. The plan involves an £80m orbital route from Edgware to Orpington between the North Circular Road and the M25. The route would pass through Harrow, Northolt, east of Heathrow, Hampton Court, Sutton and Croydon.

Finally there is the £800m plan for East London involving the new Jubilee underground line and a complicated network of much-needed roads. The plan is already in the first stages of execution but a profound distrust is developing over the commitment of the authorities to it. Each delay—probably inevitable in such a massive scheme—is treated as proof of lack of wholehearted support.

At another level the newly enacted Inner Urban Areas Act has particular significance for London. Docklands and the boroughs of Hackney, Islington and Lambeth are among the first level "partnership" schemes whereby the local authorities and the Department of Industry are to co-operate in spending the £100m grants package allocated for the inner cities as well as administering the loans and incentives element of the total concept.

In addition, a number of other London areas have won significant grants under the second level programmes which are just short of full-scale "partnerships."

Hammersmith, for instance, has won grants of £7½m under the scheme and earmarked 80 acres (mostly of derelict British Rail and British Gas land) for industrial redevelopment to provide 3,000 jobs. The most striking success in the borough's industrial regeneration programme so far has been the setting up of a site for a 250,000 square foot warehouse for Marks and Spencer.

Such then is this year's background against which the commercial property community in London is carrying out its business.

In fact the general feeling is that industrial property is relatively buoyant at present. Demand for development land—the prime indicator of short-term trends—is still high, although some of the traditional industrial development companies appear to be out of the market at present as a reaction to the exceptionally high prices being asked and achieved.

Landbanks

It may also be that these companies have now rebuilt their landbanks and have sufficient sites to meet present capacity. In any case their place in the land market is being filled by a new group of individuals already so common that they even have their own nickname—"runners."

Although such operators are by no means the only buyers in the market for land they are helping to sustain prices at exceptionally high levels. Recent deals which indicate the levels have been at Enfield, where £300,000 an acre is said to have been achieved: a 2-acre site in Camberwell which went for more than £230,000 an acre; and a leasehold plot in Southall where the local authority is tenant which fetched £250,000.

Demand for premises in the main industrial belt — which swings west from North West London taking in South Hertfordshire—is buoyant enough for developers of new sites to be projecting rents of around £3 a square foot.

That figure is still, however, around the corner. To date there is little sign of the £2.50 level being breached for the best new accommodation in prime sites.

Such levels, though probably representing a good 25 per cent uplift from the last rent review date, suggest problems in store for the current level of yields.

Yields have dropped to well below 7 per cent — there are rumours of the odd transaction at 6½ per cent—a level which assumes considerable annual rental growth. A rise from £2.50 to £3, although substantial in total terms at 20 per cent, represents less than 3 per cent per annum compound growth.

Such prospects are not bullish for the maintenance of current yield levels unless inflation drops below even the most optimistic forecasts. Nevertheless, rental demand is steady to good in most areas where infrastructure, premises and access is of modern standard.

One of the most interesting and active areas at present is Park Royal. An historic industrial area which fell out of favour for some time because of poor access and ageing buildings, it is taking on considerable new life.

Hampton and Sons, an estate agency involved in several deals in Park Royal, speak of rents of £2.50 being achieved in three or four new developments. Next year they can point to around five or six further schemes, in Chase Road, Abbey Road, Acton Lane, School Road and Victoria Road.

While take-up is "reasonably good" at present in the area overall, the firm is worried that saturation could still be reached fairly soon. Park Royal's instrinsic problems — narrow roads and lack of facilities, particularly for female staff—remain.

The exodus to the west and north west—to Swindon, Reading, St. Albans, Dunstable, in all of which areas there is considerable development and modern premises on motorway links letting for £2 and under—will not be easily reversed; certainly not by anything less than a definite transport programme and a total lifting of IDC restrictions. That is the view of the men in the market.

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Europe

Funds hopeful but wary

THE FORTUNES of those UK property developers still involved in the various European property areas mirror those of Britain itself. The past year has brought continued pressures from currency markets, it has brought an ebb and flow in confidence in prospects for the UK and it has brought mixed experience in the various European centres.

The need for long-term confidence in sterling remains high on the list of priorities both of UK investors seeking Continental outlets and also of European businesses considering co-operating in such plans. At present, while there are not a great many UK funds active in European property markets, it is generally thought that those which have weathered the storms of the past few years are now feeling more assured. They are seeing yields rise in some areas, reflecting a comparative lack of good investments, and they are probably more hopeful than for some years.

In terms of the pecking order, France has remained the largest market for UK investors, with Holland, Belgium and W. Germany following in that order. Germany, perhaps as befits its economic stature, seems to be fast growing in attraction.

Probably the least satisfying market for property investors has been Belgium, where the high enthusiasm with which UK funds and property men viewed the prospects in the early seventies has largely given way to disappointment. The boom days in Brussels are long over as far as industrial development is concerned, but the past few months has brought further dismay in the shape of persistent fears that the big multi-national companies, which means the U.S. groups in particular, are seriously thinking of pulling out their office establishments, a move which could shake the industrial market equally severely.

Some sources point out that recent U.S. trends have been "back to the States," and that the fast food business, which has remained the one quick growth area, needs warehousing space and distribution systems rather than large-scale factory operations.

Any such policies are firmly denied by any number of U.S. corporations, and indeed there are plenty of more hopeful signs. Some top class office property has in fact been let at good prices and to solid tenants.

The reasons for the setback in U.S. and other international investment in Belgium are manifold but there is no gainsaying the downturn. Industrial investment has been savagely cut back by comparison with the boom days, and with the European motor industry reducing operations in Belgium, there is little faith in the currently dormant tone of the industrial property market.

However, yields in Brussels are still quite good and this market is attracting interest from other international sources, notably the Dutch pension and insurance funds. UK investors have to face the usual funding problems, which are largely resolved between the "banking route," or back-to-back loans, and the more complicated currency swap arrangements. This latter has brought the currency factor more strongly into property investment and has engendered caution rather than stimulated activity.

An interesting variant is that of arranging a local mortgage, usually for 70 per cent of the cost at a 20-year term. The UK investor can then put the remaining 20 per cent through the investment dollar pool, a welcome reduction in such exposure.

One drawback of the Belgian market often referred to when comparing it with other countries is the lease system under which the tenant can renew at the termination date, usually at a favourable rate since he is a sitting tenant.

There has been a good demand for shop premises but the more strictly heavy industrial market remains somewhat patchy. In theory, as one source expressed it, Belgium is crammed with land which is highly suitable for industrial usage. But in fact it is only the prime areas around the motorways which have seen the rate of growth to justify long-term investment.

France is another disappointment for UK industrial property men, in that while prospects for the market there

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The Midlands

The motor industry's long shadow

ARS THAT the uncertain look for the motor industry ght hold back the Midlands perty industry from follow- on the heels of the recovery ewhere in the country appear he receding.

'he region has, as might be ected, been slower than the t of the country to resume letting of factory and ware- sing space left hanging on market from the dark days ch followed the post-1974 apse. But there are plenty ndications now that proper- are being taken up, that ls are rising and that elopers are viewing the ire with something like usiasm.

ideed one prominent agent he area not only described general trend as good but mented that most agents "never been busier"— ainly not over the past few s.

le recovery remains some- t patchy, with the East ands proving less resilient the West. But even here, e are brighter spots, usually n cities and near motorway ..is.

it in the West Midlands there has been a considerable increase in speculative indus- trial building, and rents which hung fire at around the £1.30 and £1.40 a sq ft level for some time, are now moving up. It is the smaller units, developers say, which are much in demand, although this sector of the business is still unsettled by social and political attitudes towards the old inner city areas.

Sooner

The commitment of all major political parties to intentions to reverse the sixties' trend of allowing small industry to decay in city centres has revitalised the city development scene. But most participants in the industry would like to see further practical moves from Govern- ment sooner rather than later.

Despite these hints of caution, however, local auth- ority interest in restarting indus- trial development, usually in conjunction with private devel- opers, has become a prime factor in business activity.

Developments of this nature by way of link with major pen- sion funds appear to be a likely prospect for the years ahead. It was not possible to identify any such arrangement in existence but sources claimed that this was the coming trend.

But at every corner of the Midlands property scene agents and developers were quick to return to the urgent question of the prospects for the motor industry. There was no hiding the feeling that a serious set- back for British Leyland would cast a pall over the whole area, in both the public and private sectors.

The general view in the pro- perty sector seems to be that even if "the worst" happened at Leyland, then the Midlands plants might be expected to sur- vive in some form or other. But it was agreed that the pos- sibility of such an event con- tinued to hold back investment decisions and must therefore be accounted a bearish factor.

The most recent statistics for the Midlands show an improve- ment in the state of the pro- perty market which is often sur- prisingly well in line with national trends. Warehouse property available for sale or to let in the West Midlands totals some 3m square feet, compared with 2.9m square feet in August 1977. Factories on offer fell from 3.7m square feet to 2.9m, and buildings under construction jumped sharply from 656,000 square feet to 1.4m square feet.

The figures for the East Mid- lands bear out the general opinion that this area has been slower to recover. Warehouse space of 1.6m square feet com- pares with 1.3m, and factory space of 991,000 square feet with 1.1m. But the most notice- able lack of improvement is in that of buildings under con- struction where the total has risen lamely from 450,000 square feet to only 475,000. This meagre increase compares with a national average increase of 42 per cent in buildings under construction over the period reviewed.

But this relative slackness in new building in the East Mid- lands has in many cases been offset by an upsurge in the refurbishment of existing pro- perties. The best example is probably that of the Naval Store in Coventry, where some ½m square feet has been taken in hand. The city of Coventry, which "stood still," as one source put it, for a long time in the mid-1970s, is now seeing several major estates beginning to move forward.

The growing success of the National Exhibition Centre has proved a highly significant factor both for its own immediate vicinity and also for nearby cities.

In addition to the spurt given to the construction industry when the project first took shape, there has been a signifi- cant spin-off in the form of the building of hotels, for which the Centre proved to be under- provided when it first opened for business. This lack of hotel accommodation is in the process of being rectified but the need is expected to grow before the end of the decade if the Centre maintains its present rate of success.

Its presence is one factor be- hind the proposal for Britain's first commercial magnetic levi- tation transport system itself as part of Birmingham's plan for a £30m airport development. The magnetic system itself, which would cost £1.5m would link a proposed new air terminal build- ing and Birmingham Inter- national station. One of the main objects is to encourage air- line passengers to make greater use of railway and to improve the airline's links with the NEC which stands beside the station.

These plans are, of course, all grist to the mill of those developers who urge the revival of the Birmingham city centre.

The city has approved a £30m three-year programme of which some £11m is in hand for the current year. The largest sec- tion at present under way is that of a 35,000 sq ft of small- scale industrial production units together with a substan- tial number of parking spaces. But the overall scheme has important implications for other big city areas, not only in the Midlands, of course, but espe- cially so in that region.

Encourage

Birmingham's inner city scheme, giving high priority to a new road system which would in turn encourage industrial development in Derilrend, Duddeston, Saltley, Hands- worth and Sparkbrook, hopes to qualify for at least a 75 per cent Government grant because of its potential contribution to the daunting task of revitalising the centre of the city. Birming- ham, more than most, saw a substantial loss of jobs in the sixties and seventies and if in- dustrial property development can help to bind up the wounds then it will find ready support elsewhere in the region.

Local industrialists together with the Chamber of Commerce are deeply involved in the schemes, chiefly in feeding in the information regarding the needs and hopes of local and national business.

Elsewhere on the Birmingham property front the picture follows the trend of the rest of the region. Demand for good class industrial property is rising and rents are moving in the same direction. But this recovery came from an excep- tionally low base—the overhang on the Birmingham property market in the black days was probably as bad as anywhere in the country.

Allocations of both warehouse and factory space are well up on last year's figures and the city authorities have expressed optimism with the level of the offtake. But most sources stressed that there was a long way to go yet—hence the importance of the city's plan to redevelop the inner areas.

Rental values are not easy to pin down but quotations of £1.50 per sq ft are now frequently referred to. Once again, the presence and encouragement of the local authorities is an important factor, although private business seems to be becoming more bolder—daily.

On the other side of the area, Nottingham seeks much the same goals as other major cities —to re-create jobs that have been eroded over the past decade.

But Nottingham has to work from a considerably less buoyant industrial base than most, and progress has been more sluggish. This shows in the level of rents, which are still struggling to get above the £1.10 a sq ft range. It shows also in the ready availability of warehouse and factory property and in the similar availability of advance factories and work- shops.

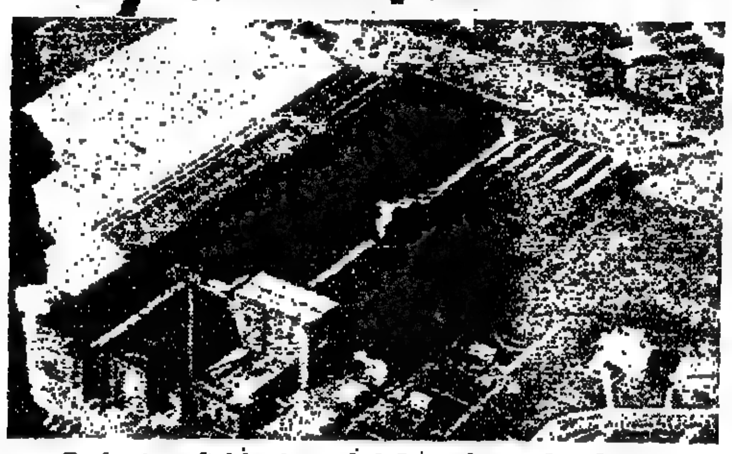
District councils at Ashfield, Bassetlaw and Newark have established partnership estates with the county, under which the county meets a large part of the loan services involved. This and similar activities have indeed brought some new in- dustrial building, notably by Kodak which has 550 acres at Annersley for which it has a 20 year development plan. This development can be counted a major success for the property world and has provided a lesson in the benevolent if determined tactics of a local authority.

As the traditional industrial heartland of Britain, the Mid- lands cannot escape its depend- ence upon prospects in the latter part of the year for the rest of the country and for the economic upturn at present raising a tentative head.

No section of the Midlands will be watching the industrial future with more keenness than the property developers. For, as they constantly admit, a downward plunge by industry would not only deal a hard blow to those currently deve- loping industrial property but would upset prospects for many others still on the sidelines. The news at present is that Midlands property development is alive and well but still nervous about the future.

Terry Byland

Heywood, Greater Manchester



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Europe

CONTINUED FROM PREVIOUS PAGE

are generally held to be highly bullish, UK opportunities are severely hampered by a batch of specific difficulties.

In addition to the expense of moving the money through the investment pool, which must in itself hurt the yield on the investment by comparison with a similar opportunity in the UK, British investors have for the past three years been obliged to bow to the Bank of France regulations which in effect prevents foreigners from borrowing long in the local market.

The lease system, which vir- tually allows the tenant to break the lease after three years, has been another discouraging factor. The combination of these two has severely reduced investment in France by the UK unit trusts and pension funds, which would otherwise be almost certain to take an interest in the market just now.

Once again, alternative forms of financing such as borrowing Deutschmarks and converting into French francs, have in- volved too much exposure in the currency markets and lifted the risk factor to a generally un- acceptable level.

UK property investors took a significant beating in the French property markets in the post-1974 collapse and the mood has remained distinctly cautious since then. Some other nationali- ties have returned to the market with some enthusiasm—notably the Dutch financiers. But there seems no likelihood at present that UK investors will manage to return to a dominant role in what is still one of the most attractive markets in Europe.

Pride of place for investors now is the West German market, where the gap existing between yields and long-term interest rates enables some developments to be self-financ- ing from the outset. UK unit trusts and pension funds have shown interest, despite the usual problem of arranging investment pool finance. A spokesman at Jones Lang and Wootton spoke of a "very strong demand for investment property" in West Germany.

There have been cases where yields of 8 per cent have been obtained on funding costs of only 6½ per cent. Interest rates are now beginning to rise but the attraction for property investors is still there.

Leases are generally longer than in France, providing an added incentive to investors. And although office property, especially in the Frankfurt area, has been slower moving than some other sectors of the business, there has been a general upturn in recent months.

The activity of the Dutch investors in the European property market, has not pre- vented them from participating strongly in their own. This has been somewhat to the detriment of the UK investors, who are in fact powerfully attracted to a market which is beginning to look like a front runner for the next few years.

But the Dutch competition, which takes in the pension funds of such giants as Royal Dutch, Philips and AKZO as well as such banking veterans as Nationale Nederlanden, is formidable indeed, and with the investment premium to cope with as well, UK funds have not moved in as strongly as some would have liked to do.

Shop and allied property has been the main attraction but there is interest in the heavier industrial sites also. Yields are moderate and a factor has been the concentration on price sites.

In the rest of Europe opportunities for UK developers are relatively limited. In Italy, the stress is still on tourist developments which are often financed and directed from local sources. And although confi- dence in the Italian economy has now recovered substantially from the shocks of a few years ago, it cannot be denied that property investors have better opportunities elsewhere in Europe.

There are more opportunities for development inside the Com- econ bloc than is sometimes realised by Western industrial- ists—although it can be said here that the UK businessmen are among the most ready to seize chances in this part of the world.

But participation in develop- ments in Eastern Europe is of course on a different footing from the conventional packag- ing common in the West. UK investment has been widely in- volved in the huge develop- ments in Moscow for the Olym- pic Games. More prosaically, UK industry has been heavily involved in projects in many other Eastern European coun- tries.

Viewing prospects in Europe overall, there can be no doubt that UK institutions would like to re-enter some of the prime areas—notably Germany and the Netherlands. Most of the fingers burned so badly in the early seventies have now healed, and the experience has probably been good for the industry.

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INDUSTRIAL PROPERTY VI

The North East

State aid dominant

THE NORTH EAST, with its traditional economic dependence on heavy engineering, chemicals and coal mining, has always tended to epitomise the problems facing the industrial developer. The region desperately needs new industries, and the property industry is more dependent than most sections of local business. Yet private sector industry remains cautious about committing itself heavily in the area.

This has meant a heavy commitment by the State, in the form of advance factories and the Department of Industry's English Industrial Estates Corporation, which has been obliged to make the running in the attempt to bring to the area the industrial clients so essential to the well-being of the property industry.

But of course the ready availability of advance factories can further cut the ground from under the feet of the private property development. Indeed there are signs that this has been happening over the past few months.

The region has seen an increase in demand for factory and warehouse space, reflecting the general improvement in business activity over the past twelve months. But although this improvement has helped to lift rents in some areas, notably Newcastle, it remains generally true that there is not as much private development in the North East as in some other industrial areas.

In its latest survey of property available, King and Company reports a significant fall in warehouse property on offer, from 4.6m sq ft in August 1977 to 4.1m at the last count. But factory space still available remains high at 8.5m sq ft. There has been a sharp increase in the footage of buildings under construction — 914,000 sq ft against 675,000. The figures bear out the comment that, while a few small warehouse schemes are under way, the demand for factory space has been largely met out of the reserve of advance factories which offer rental concessions and other incentives which militate against the private developer.

In the Newcastle area rents of £1.50 a square foot have been recorded. The most successful achievement has been in the St. Paul's development, where Indescon has been licensed by the local authority to build on the site. Most of the units involved are being built speculatively but there seems confidence that the final outcome will prove successful.

A further drive has been undertaken by the Newcastle council to attract more engineering industry to the city and local sources express high hopes for the outcome. The aim is to bring in companies to build broadcasting receiving equipment, computers, office machinery and electrical components, as well as the more traditional heavy engineering products so long associated with the area. If successful, and the city claims that some 200 companies expressed interest when the drive was first launched earlier this year, then it could have significant implications for the industrial property industry.

The same effort has come recently from a joint enterprise by the National Enterprise Board and the Midland Bank. This scheme would put up development finance for concerns which have exhausted their traditional sources.

However, none of these moves can be regarded as the short-term answer to what is very much a pressing short-term question. The question is of course: "If industry does not come to the area, then how can the private industrial sector regain impetus?"

It is in this context that such relatively marginal developments as that of Peterlee, which is to spend £2m on acquiring a further 178 acres, must be measured. Peterlee has succeeded rather better than most at the task of attracting or creating new jobs in its area.

A recent count disclosed that unemployment there had actually fallen over the past two years, a time when unemployment throughout the north was continuing to rise. Here, as in other parts of the country, it is becoming clear that the certain way to attract much needed state and local authority backing for development schemes is to show that unemployment totals can be reduced.

Dismay

Some dismay has been expressed over the recommendation by the ruling Labour group on Tyne and Wear County Council that it should leave the North East Development Council.

The Tyne and Wear metropolitan council has been in the forefront of the uneasy balance between public and private forces active in the development field in its area. It offers grants to owners to improve existing properties, as well as the usual inducements to new ventures. It rang up an impressive first by obtaining financial help for its Pelaw, Gateshead, improvement area from the European Regional Development Fund. The council has also sponsored its own Act of Parliament.

All this activity in Tyne and Wear underlines the strength—and the necessary strength—of the local authority effort in the development business. It also does something to pinpoint the problem for the private developer who is dependent on a general revival of industrial activity but has to compete with these high-powered moves to get it off the ground. Tyne and Wear, it is reported, has around 40 factories completed and perhaps as many more at the planning stage.

One helpful factor for the private developer has been the division of the business by the English Industrial Estates Corporation.

The Corporation has decided to develop only factories, thus leaving the warehouse market free for private developers. Since warehousing activity has been generally at a slightly better level than has factory letting, this has provided some business for the private groups.

But the problem, politically, is that warehousing does not create as many jobs as factory development. With public money becoming more and more the name of the game, the private developer may fear that he will not receive the full support of the local and national authorities.

A significant example may be coming to the forefront in the case of Sunderland. The port, which has long been struggling to hold on to its living, suffered a drop of 25 per cent in its trade last year. It already receives some £1.5m from Tyne and Wear County Council, and there is now a real fear that the port may be forced to close down. The Government is being asked to provide a further £2m, and property developers can hardly fail to be deeply interested in the outcome of the negotiations.

The Teesside area, however, has provided some brighter spots in the industry's experience. This is largely because the industrial base is just slightly stronger than in the rest of the region. Even so, rents find it hard to rise above the £1.30 a square foot range.

In other areas the various statutory authorities continue to dominate the market. These authorities provide a source of business for many local builders and tradesmen but of course tend to take up whatever property business there is to be encouraged. Rents in Hartlepool, for instance, remain low and there seems little chance of a revival of fortunes.

English Industrial Estates Corporation is to be found encouraging and helping business, especially small businesses, throughout the region. Advance factories have been provided in North Shields, Gateshead and Cumbernauld, to name but a few. But such developments are generally small and leave the private property developer feeling even more out in the cold.

And so the uneasy see-saw between private and public development in the North East continues. It is hard to see how business can improve very much for the private developer unless industry in the UK in general and the North East in particular can form a strong base for recovery.

Property development ought to be one of the planks of such a development. But with unemployment a highly sensitive political issue, it is unlikely that the Government will want to withdraw from its efforts to bring industries into the area. In this context the prospect of a general election leading to a change of Government has little to offer North East property developers other than further uncertainty.

It is hardly surprising then that the North East property developer remains less ebullient than his southern counterpart. He still has little to be joyful about and he is operating in the one area where even an upturn in the market could simply leave him elbowed out by the public sector.

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Scotland

Outlook patchy

DISCUSSIONS OF the industrial property markets throughout the country all too often ignore the impact of the Government agencies as suppliers of sites and premises. After all, the English Industrial Estates Corporation is by far the country's largest industrial developer. In Scotland the Scottish Development Agency (SDA) has a budget a tenth of which would look large to most commercial companies.

In the last few weeks the SDA has been making it known that it is likely to have spent its entire £800m quinquennial grant well before it has completed the first five years of its existence.

At the beginning of September Sir William Gray, the chairman, said that before 1980 the agency would have to scale down its activities unless further funds were available.

Sir William was definitely not warning of a forthcoming reduction in the agency's activities. Last year it spent £51m compared with only £25m in its first 15 months. This year the forecast is for £90m, and next year £100m. The message was simple and audible. "Substantial funds have to be made available."

Although part of the SDA's function is to invest directly in Scottish companies — a role which has led it into considerable controversy—the bulk of its budget goes into advance factory building.

The latest report and accounts reveal that the agency owns 601 factories covering 2.34m sq ft in 175 locations. The acceleration in its programme can be seen from the fact that 192 of these factories have been built since 1975. By comparison the agency has only £17.2m invested in 26 companies.

To put these figures into perspective only an extract from the chairman's report is necessary: "When legislative provision for the agency was being enacted, the expectation was expressed that it would double the rate of factory building in Scotland; this is now broadly achieved."

The Agency is also involved in a specific project, the mammoth Glasgow Eastern Area Renewal (GEAR). Estimated total expenditure in Glasgow's decayed east end is £140m, of which the SDA will be directly responsible for £39m. The programme involves both land renewal and environmental improvements as well as factory building.

This year some £2.5m has been spent in all. In the main the building programme has concentrated on nursery units.

Obviously, GEAR is a desirable project and one which at long last embodies a determined attack on one of the country's worst eyesores. But the problems are immense.

Unfortunately, Glasgow's industrial and employment problems are not limited to the eastern end of the city. Clydeside, the troubled shipping district and already burdened by unemployment, is now girding itself to face more closures. Close on the heels of the loss of 3,000 jobs at the Singer sewing machine plant comes the news that the Marathon shipbuilding group is to run down its staff by 900 after Christmas.

But to get back to the SDA. At the end of March this year the Agency had 129,000 sq ft of industrial space under construction. Bespoke factories are a major part of the programme —during 1977/8 23 custom-built factories valued at £18m were built. But the advance factory programme was also substantial.

Greatest demand, according to the Agency, has been coming from nursery industries, requiring 2,000 sq ft or less.

It is widely believed that the SDA is looking for a doubling of the funds available to it, and perhaps even more. The major part will continue to be spent on industrial building.

In addition, the Scottish new towns are all particularly active at the present, attracting new industry and providing sites and premises. There have been failures but the level of closures has been nowhere near as high as in the problem new towns of the north west of England.

Indeed Livingston New Town has recently been granted an additional 176 acres within its designated area to provide for further industrial expansion.

Irvine has also proved an industrial magnet. The town has already attracted a number of multinational covenants which would be the envy of any commercial developer. Beechams, Volvo, ICI, Monsanto, Rockware

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INDUSTRIAL PROPERTY VII

The North West

Cities show up best

NOT SO very long ago an industrial estate agent would have shuddered at the thought of finding a buyer for an old five-storey Lancashire textile mill with a floorspace of just under ¼m sq ft. With the decline of the textile industry the typical Lancashire mills used to be looked upon as the white elephants of the industrial property market.

However, one such mill in Oldham was snapped up recently after less than a fortnight on the market. Admittedly its former owner (ICI) had maintained it very well and the buyer (Hestair) found it ideal for storage purposes. Nevertheless, the transaction does underline the fact that the industrial property market in the North West is much more buoyant than it was 18 months ago.

In Liverpool, Mason, Owen and Partners report that they have enjoyed their busiest summer for five years and a strawpoll of other leading firms in Preston and Manchester confirms this. According to the latest survey of industrial property, produced by Edward Rushton, the amount of factory/warehouse space available for sale or to let continues to fall. At the end of 1976 some 23m sq ft was available. A year ago the figure had fallen to 19.9m and by June of this year it was down to 18.5m but of the total roughly two-thirds (12.7m sq ft) is accounted for by old properties, more than half of which are multi-storey mills or similar buildings with limited use.

In the past the demand for industrial property has been concentrated on warehousing and distribution companies. Edward Rushton report that there is an increasing number of enquiries for new property from manufacturing companies. This is confirmed by other firms. Dunlop, Heywood, for example, reckon that whereas the proportion of enquiries for warehousing as opposed to manufacturing space used to be 70:30, the balance is now of the order of 60:40.

INDUSTRIAL FLOORSPACE AVAILABLE (m sq ft)

	1977 (June)	1978 (June)
Gr. Manchester	10.4	8.8
Merseyside	3.9	2.8
Lancashire	2.7	3.1
Cheshire	2.9	2.8
North West	19.9	18.5

Source: Edward Rushton Son and Kenyon

The Edward Rushton survey, however, demonstrates that the recovery in the market tends to be patchy. The improvement in the regional figures was accounted for almost entirely by Greater Manchester while Merseyside and Cheshire showed little change and the position in Lancashire worsened somewhat. The difference in yields on prime property in Liverpool and Manchester is still between a half and three-quarters of a percentage point, and rents on identical new buildings are still up to 20p per square foot higher in Preston than in Burnley.

In line with the improvement in the market, rents have started to harden noticeably. According to Edward Rushton £1.25 per square foot was the commonly quoted rental in popular parts of Manchester a year ago, with rentals as low as 75p to £1 per square foot elsewhere. Today, £1.50 per square foot and higher is being obtained for similar units with the lower band of rentals now being 95p to £1.20.

Meanwhile Dunlop, Heywood reckon that rents have risen by around a fifth over the last 18 months. Near Manchester City centre rents of £1.60-£1.65 per square foot are being talked about and the norm in prime areas such as Wythenshawe is £1.45 per square foot and around £1.30 per square foot in fringe areas such as Rochdale. Further North, in Preston, R. Stewart Newiss estimate that rents have risen by between 15 and 20 per cent over the last year and prime rents in the Preston area are now running at around £1.40 per square foot.

In Liverpool, Mason, Owen reckon that rents on new industrial property have risen by around 10 per cent since the start of the year and they are noticing a resurgence of speculative development activity particularly in units of 30-40,000 sq ft.

The absence of small speculative developments over the past few years has left parts of Liverpool with a dearth of new small units and Liverpool's Development Office has been trying to fill the vacuum with the help of the Government's inner city partnership scheme. The initial plan was to build 200,000 sq ft of factory space in the first two years but such has been the success of the scheme that most of the units have already been let.

Enquiries

A total of 60 small factories are under construction at present providing floor space of 193,000 sq ft and it is anticipated that the whole 200,000 sq ft programme will be under offer by the end of the year. The Liverpool Development Office is receiving enquiries for new factory space at the rate of over 100 per week and reckons that it could sell four times as much factory space as the City Council is building.

Of course there are a handful of large industrial properties around the Liverpool area which agents are finding hard to move. Skelmersdale, in particular, is a difficult area since both Thorn and Courtaulds have recently closed down two very large factories. The Thorn plant amounts to 450,000 sq ft and the former Courtaulds plant amounts to 624,000 sq ft. In addition, British Leyland is understood to be selling its Speke plant which is spread over 102 acres and amounts to 1.2m sq ft. A site such as this would cost upwards of £20m to construct today although the asking price will be lower.

Despite the specialist problems of areas such as Liverpool, generally there are signs that development activity is on the increase in the North West for the first time for a few years. Most of the units on the earlier speculative developments of the early 1970s have now been let. Obviously, the Greater Manchester area is at the hub of activity and speculative developments are under way in places close to the motorway such as Worsley, Lostock and Mosley Common near the East Lancs Road. Interestingly, whereas developers had earlier shied away from building units of under 5,000 square feet the latest surge in activity contains many smaller units of 2,500 square feet which are proving to be very popular.

Already, however, one or two firms are worried that the mini-boom in the industrial property market is leading to an excess of new building. The last time this happened in the early 1970s developers found that some of their factories lay empty for up to three years. However, Edward Rushton does not feel that the situation has got out of hand as yet and argues that a pool of modern industrial property offering immediate occupation is in the best interests of both home industries and overseas companies considering investment in the region.

Against this background it is not hard to see why there has also been an upsurge in institutional investment activity in the North West industrial property market. Edward Rushton estimate that yields on prime industrial properties in the Manchester area have fallen by a full percentage point over the last year. Bernard Thorpe reckon that there is a good demand for investment properties costing £½m upwards and yielding 8 per cent. Some of the institutions, such as Commercial Union, Abbey Life and Electricity Supply Nominees, are amongst those becoming more active in financing new developments.

According to Dunlop, Heywood, there have been cases where yields have gone as low as 7 per cent but there seems to be resistance below that level. Although the big institutions are reluctant to consider anything below £½m, some of the smaller pension funds, which are new into the market, are prepared to consider projects as low as £150,000 and because of the shortage of ideal investments they are beginning to widen their scope. Areas in the south eastern quadrant of the City such as Stockport and Bredbury seem likely to benefit from the new motorways being built.

William Hall

Scotland

CONTINUED FROM PREVIOUS PAGE

Glass and Hyster, the U.S. fork lift manufacturer, are some of the companies attracted into or near the town.

Glenrothes too has been in the news recently because the older towns in Fife have complained that it is attracting too much industry at the expense of themselves—a true sign of success.

Backed as they are by State funds and armed with grants, loan packages and the freedom to offer rent-free periods, the new towns and the SDA together provide formidable competition to the private developers.

Fortunately for the private developer, however, these powerful groups operate either exclusively within their own borders or, as in the case of the SDA, generally in locations which the private developer would not naturally select as prime building sites.

In some ways therefore the existence of these bodies has been beneficial. In the early 1970s a number of private developers, notably the Ronald Lyons group, seemed willing to start building on any green field site within telescope distance of even a minor road network.

As a result many collapsed. Today developers are much more cautious, but any tendency to excess in unproven areas of demand is in any case inhibited by the knowledge that the quasi-Government bodies can offer much better deals for tenants.

This has restricted them geographically to the main centres — Edinburgh, Glasgow, Aberdeen, Stirling. During 1977 a mini-boom of building went on in these areas which led by the beginning of this year to a certain degree of over-supply which roused understandable—though probably over-stated—fears of a repeat of the slump of 1974-76.

Now it looks as if the over-supply has been absorbed and a degree of equilibrium established. The proof is that lettings have improved from the levels of the spring when, for instance, top prices of £1.60 were being achieved in Edinburgh. Since then £1.70 has been achieved on several deals.

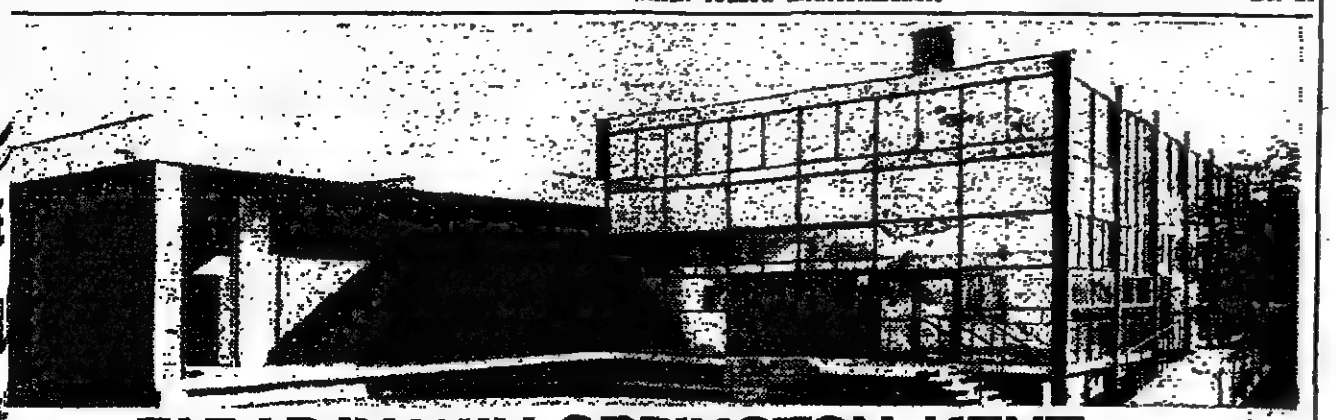
In Aberdeen over-supply has not been a problem for some time—rather the reverse. Despite a sizeable amount of space available—150,000 square feet at the last estimate—take-up is more than matching supply, but the number of short leases in the town continues to be a potential worry as the first estates begin to age.

Aberdeen is now well past the period where the fears associated with a "boom town" bore careful consideration. The major industrial development companies represented in the town and around Dyce Airport are all more than satisfied both with current rents and with prospects for growth.

Glasgow and the Strathclyde area, the traditional industrial heart of Scotland, presents a less unblemished visage however. Some estates have been brought off with dexterity but a number are slow to let at rents which cannot really be thought to provide a viable return.

The outlook thus remains patchy, but that is something industrial developers have learnt to live with over the past four years. As always, carefully planned projects in the right locations, look to have at least good if not excellent prospects.

C.M.



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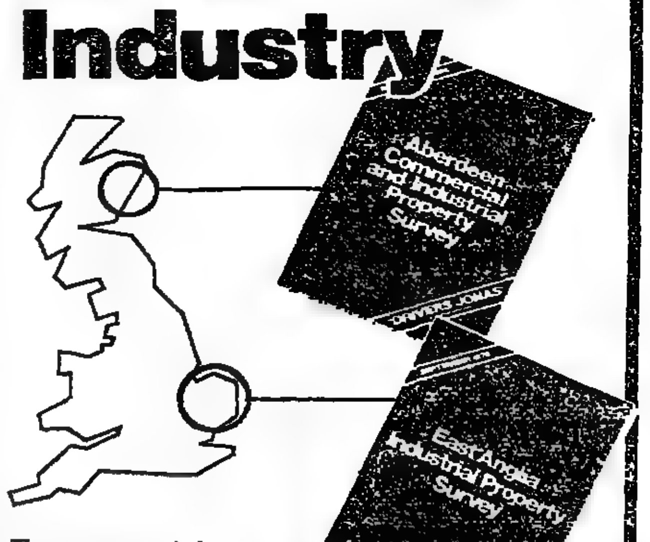

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INDUSTRIAL PROPERTY VIII

The South West

Motorway lifeline

AFTER YEARS of suffering the problems of being one of Britain's extremities, the South-West now finds itself brought closer to the heart of Britain by a vastly improved motorway network.

This is the crossover of the M4, with its access to the commerce and markets of London and the Home Counties on one side and the heavy industry of South Wales on the other, and the M5 which links Exeter with the Midlands and towns further north. The M5 also provides a motorway link between the north and south coasts of the peninsula, and near the intersection of the M4 and M5 is Bristol with its own M32 connection.

The effect of this motorway network has been to revitalise the South-West: industrialists there can distribute more easily to the rest of Britain, and companies outside the region are finding it a useful base in their distribution network.

The surge in demand for warehouse space means that a shortage looks possible in many parts of the region. But this should be relatively short-lived. *The imbalance of demand and* supply has caused substantial increases in industrial property rents, and these are encouraging developers to buy sites and build further space on existing sites.

Over the past year, however, more and more of the existing *estates in the South-West*, particularly in the Bristol, Cheltenham, Gloucester and Swindon areas, have been completed.

In Gloucester, for instance, the last two units on the 12-acre Madleaze Industrial Estate have been let to Bryant and May and Brooke Bond Exports. *All 320,000 sq ft of this estate* is warehousing: other tenants include Babcock and Wilcox, BTR, Alcan and ICI. Imperial Group's pension fund bought the units as they were let but final lettings, agreed a year ago, were at £1 a sq ft.

This year rents of £1.35 have been agreed on London and Leeds' trading estate in Eastern Avenue. Again this is a purely warehouse estate, with Imperial Foods and Monarch Aluminium among the tenants. The estate's three phases give a total of 109,000 sq ft, but the Ladbroke subsidiary is providing relatively small units, mainly between 5,000 and 8,000 sq ft.

Just south of Gloucester and a mile from the M5 junction Ashville has developed 200,000 sq ft of space for both manufacturing and warehouse use.

Half of the 50,000 square feet final phase of this scheme was pre-let to a David Brown subsidiary long before construction started, again demonstrating the strength of demand.

*The most active area for in*dustrial space is Bristol, the regional capital. But there too the final units have been let on some of the major developments over the past year. Coach distributor Kirkby Central has taken the last unit on Mackenzie Hill's Bonville Road estate at Brislington, paying £1.25 a square foot for the 19,000 square feet warehouse unit. A Fitch Lovell subsidiary took the last 10,000 square feet on MGM Assurance's Ashmead estate at Keynsham. And Haslemere has fully let its development at *Bedminister, a site* bought from Lex Mead in 1976 and converted to provide four units totalling 31,000 square feet.

Sharply

But Bristol rents have risen sharply this year. Lalonde Bros. and Parham estimate average rents at about £1.50 a square foot now, but have agreed £1.60 for a 20,000 square foot warehouse unit on Sun Life's Pennywell Road development and Pearce Developments have achieved £1.75 for small units on its Ashley Hill estate near the M32.

Laing is also developing the Patchway Trading Estate where a year ago Woolworth, with 68,000 sq ft, and other tenants were agreeing rents of £1.35 to *£1.40 a sq ft.* Now the final phase is being marketed at £1.60, Security Express has already agreed to take 25,000 sq ft of this phase, and another 37,000 sq ft is pre-let to Alexandra Overalls.

Rents of £1.60 are also being sought by Laing on the 80,000 sq ft current phase of its Kingsland Estate in Midland Road. Half is being pre-let, but the remainder is speculative units.

In December J. T. Developments expects to begin building 120,000 sq ft of warehouse and factory space on a six-acre site at Pylle Hill off Bristol's Bath Road. M. P. Kent will also start building another 120,000 sq ft on another site at about the same time. Kent has bought a 3½-acre site on the Arnos Castle trading estate from Boulton and Paul for nearly £325,000. The 56,000 sq ft of existing space is being refurbished and there is sufficient land for further development.

Bovis's Avonmouth development close to the intersection of the M4 and M5 is now fully let and sold on to UMB pension trust and Sun Alliance. Tenants of the 260,000 sq ft estate include Marks and Spencer, Sony, Granada and Leyland. Burcott Manor Investments' development of the Severnside Trading Estate continues, however. About one-third of the 30,000 sq ft is under offer and will be complete about now. Current rents here are also £1.40, and existing occupiers of the estate include GKN Mills Scaffolding, which agreed a ground rent of about £3,000 a year with Burcott, and Crane Fruehauf.

At the other end of the M5, Exeter is now also able to command rents of £1.40, particularly for small units. Lalonde have let 21,000 sq ft of nursery accommodation on the Marsh Barton estate south of Exeter at rents from £1.40, all units being smaller than 3,000 sq ft.

Six 3,000 and five 4,000 sq ft units on Exeter's Sowton Trading Estate, *due for completion* about now, are all under offer at rents of over £1.30. St. Modwen Securities is developing the nearby Sowton Centre and has pre-let 21,000 sq ft to Securicor at £1.25. A year ago St Modwen achieved just £1.07 per sq ft on a 58,000 sq ft warehouse letting.

The same developer is building the Devon Distribution Centre at Willand 17 miles from Exeter and between junctions 27 and 28 of the M5. Rents here are significantly cheaper than in Exeter, and because it could obtain space in Willand at £1.12 against £1.30 in Exeter, one of J. H. Sankey's subsidiaries chose the Willand site, agreeing to pre-let 10,000 square feet.

At Taunton the Crown Estate Commissioners are offering ground leases on 30 acres of warehouse and industrial land as well as developing speculative ready-built units. The Crown has recently completed 20,000 square feet of speculative space on this Priorswood Estate. Previously rents of £1.25 have been achieved on 5,000 square feet units, tenants including Securicor and Brown Bros.

The South West Electricity Board recently retained Lalonde Bros. and Parham to sell a 1½-acre site in Taunton with an existing 7,800 sq. ft. modern industrial building. *The agents achieved £105,000.*

In North Devon the county council is selling land in Bideford, Ilfracombe and Torrington for industrial development at prices from £15,000 an acre. The council has land too at Barnstable at Whiddon Valley where rents have now risen to about *£1.20* for units under 10,000 square feet.

Cornwall has yet to show any great benefit from the motorway connection, however, and good industrial space can still be found at under £1 a square foot if it can be found at all. The development boom of Avon, Somerset and Devon, has yet to hit our westernmost county.

Richard Northedge

Wales

Agencies galore

SO MANY agencies are encouraging industry to expand in Wales, and providing them with the land or buildings necessary, that a *House of Commons* select committee recently complained that businessmen are becoming confused.

There is the Land Authority for Wales, the Welsh Development Agency, the Development Board for Rural Wales, the Welsh Office, the Development Corporation for Wales and the local authorities besides the usual array of private developers, large and small.

If effort were all that mattered Wales would be beating the rest of the UK for expansion. But in fact manufacturing production in the Principality fell five times as much as in the rest of the UK last year, and Wales *is fighting an often losing battle* to replace old industries with new.

Less than a third of Wales's 1m workforce are in the manufacturing sector, but the steady closure of two of the country's traditional key industries—first coal and now steel—is keeping that host of agencies busy. Within the last year British Steel has announced the closure of two substantial plants in South Wales—at East Moors, Cardiff, and Blaenau Gwent.

A programme to provide premises rapidly so that new industry can both take advantage of the abundant labour available when the works close, and prevent that labour spending a long period unemployed, has been produced by the Welsh Development Agency (WDA).

*The WDA is the most impor*tant of the many bodies encouraging industrial development in the country. It does the tasks performed in England by the English Industrial Estates Corporation and the National Enterprise Board.

The WDA would rival many *industrial property companies;* its March balance sheet shows it as owning £51m of factories, £6m of freehold land and with a further £12m of factories under construction. In size, that means the agency had 432 factory units providing £15m sq. ft. of space with nearly 1m more sq. ft. under construction, all occupying 2,229 acres.

But the WDA does not operate to the same criteria as private property companies. It is interesting in creating employment so its units are let to manufacturing industry *rather than for* warehouse use. It is also prepared to build advance, or speculative, factories in parts of Wales, such as the valleys, where private developers find the risk too great or cannot get institutional funding. It also offers free rent concessions, and most of its property is let at rents below the levels which would give a full economic return.

After the early closure of the East Moors steelworks was announced the WDA acquired land from Cardiff City Council to build 20 new advance factories in the dockland area south of the city and at Forest Farm near the M4 interchange at Coryton. The 250,000 sq. ft. of space should provide employment for 500, doubling to 1,000 over three years.

The Forest Farm unit will be 50,000 sq. ft. with 5 meter-high eaves and is due for completion in *October* 1979. Four *10,000* sq. ft. and four 25,000 sq. ft. factories will be ready on the dockland estate at the same time together with eight 5,000 sq. ft. units. The WDA is particularly keen to provide small units—often as small as 3,000 sq. ft.—to give new companies nursery units in which to start.

But the WDA's main solution to the redundancies at East Moors is Ford's £180m car engine factory being built on the Waterton Industrial Estate a Bridgend. The WDA used its own land and land purchased from private owners to provide a 175-acre site for Ford. The *factory should* provide 2,500 jobs when it opens in 1980 and there could be a spin-off providing extra jobs in support industries which might require an additional 100,000 square feet of space.

The task of providing warehousing has been left to the private sector, though private sector demand is still roughly evenly split between factory and warehouse space. On the south side of Cardiff only one 5,400 sq ft unit remains on Rush and Tomkins' Llandough Estate and Pearce Developments' Penarth Road development is fully let, though units will not be completed until next March. Debenham Tewson's latest lettings were at £1.60 a sq ft, though that rent is high and is for small units. More typical rents are £1.25, but those have

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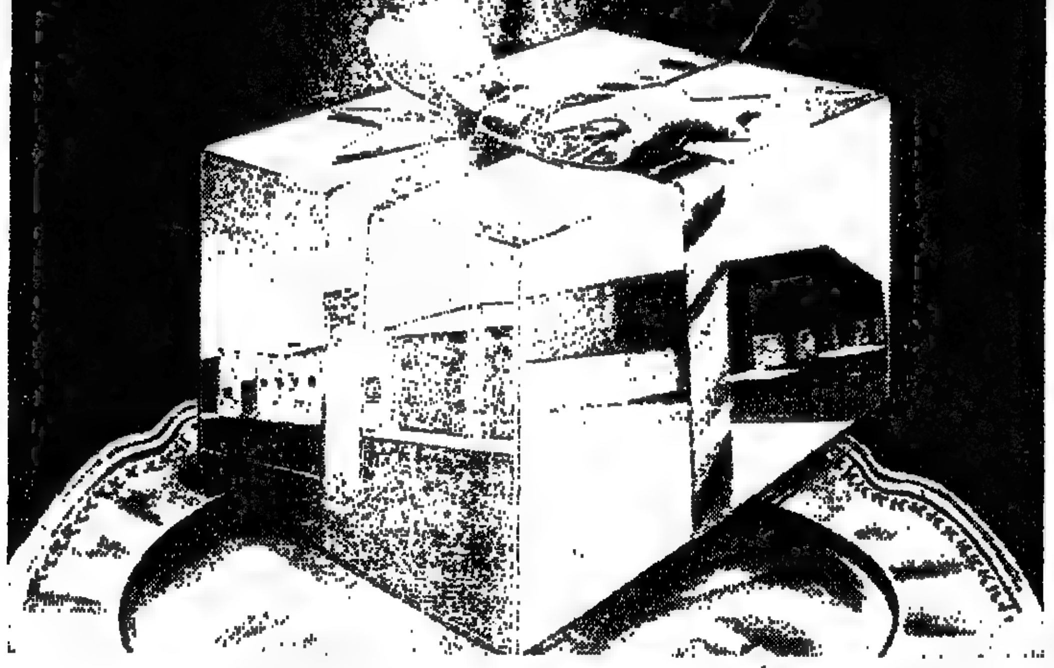

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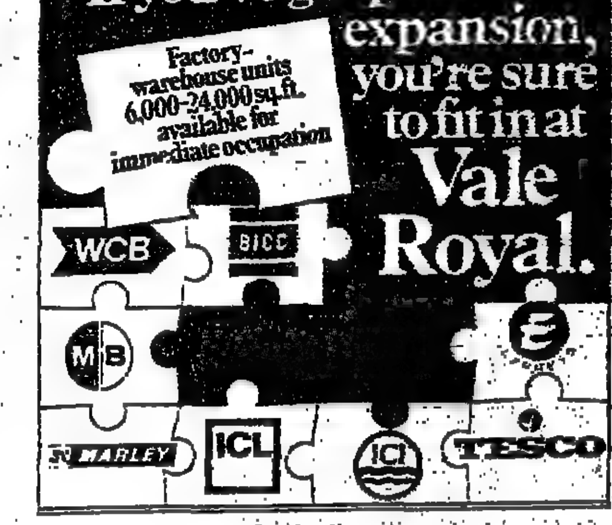

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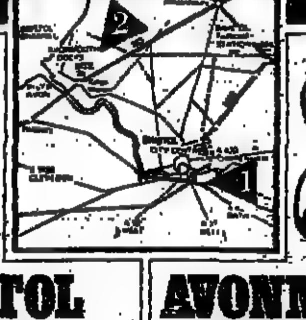

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INDUSTRIAL PROPERTY IX

Northern Ireland

Wealth of Government incentives

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lding, plant, training and al grants provide what is widely accepted as a more ive financial package than hout anything available ere — even in the lic of Ireland or in Italy, or main of Europe. Add this excellent labour ns (by UK standards) highly productive work- and who, you may well n refuse the bait?

answer, unfortunately, is few. Such inducements enerally brought a mixed se in recent years.

1960s and early 1970s tremendous boom in rn Ireland, particularly textiles and chemical in- s, as Government fac- shot up to meet the d. A serious downturn nsued partly because of ession but mostly because "troubles," with com- which had invested in vince pulling out.

the effects of this set- hich the big incentives gely designed to reduce Government struggles to employment as an e to terrorism.

last year has witnessed roduction of the best ever of Government assistance dustrialists in Northern

ecent announcement that merican DeLorean motor y is to build a factory depressed area of West is the latest and prob- ost spectacular example policy. It has been cal- that the project will ely cost the British tax- round £25,000 per job. DeLorean venture may be t ambitious but it is not the only scheme. Goodyear has announced big expansion plans this year at its existing Craigavon plant. America's giant General Motors has agreed to take over the Dundonald factory vacated by the departure of Rolls Royce and make seat belts. Another American group, AVX (electronic component manufacturers) is refurbishing 80,000 sq ft of its existing factory.

The underlying picture for industrial property in Northern Ireland appears therefore to have brightened lately, although the generosity of the DeLorean package is unlikely to be repeated.

According to the Northern Ireland Department of Commerce, which funds a big advance factory programme and is virtually entirely responsible for industrial property development, some 20,000 square metres of new factory space was taken up in the half-year to March last. In the last six months (to September), however, this figure has jumped fivefold to roughly 100,000 square metres.

Serious

These encouraging statistics do not of course mask the serious overcapacity of industrial space in Northern Ireland. The Department has built about 400 factories, of which 80 are at present available for occupation; a total of 20m square feet, of which 11 per cent, they say, is vacant.

On top of this the Department is currently committed to a building programme of £10m per annum, roughly spread among advance and purpose-built factories, extensions to existing factories and the refurbishing of old.

Premises anywhere in the 300 square foot to 6,000 square foot range are available, although the most plentiful lets are for about 1,500 square feet and anything above 5,000 square feet may be difficult to find immediately.

The Department also owns about 5,000 acres (200m square feet) of land, half of which is equipped with roads and services. The rest is available for industrialists wishing to build larger factories.

The incentives to investors are certainly enormous and better than any other part of the UK. The inducements are, however, mainly aimed at companies which make employment guarantees over a certain period, although that by no means rules out others.

Rent levels, for example, are extremely low by UK standards. They vary according to location and at the moment range from 15p per square foot in areas of highest unemployment to 55p for prime lets in, say, the centre of Belfast, where communications via motorways and docks are good.

Low demand is partly responsible but with no private developers the Department has in effect set its own rent levels —a sign, indeed, of desperation.

What exactly has wooed DeLorean and others to Northern Ireland in the way of grants and financial concessions?

Like Tyneside and Merseyside across the water, Ulster is one of the Government's Special Development Areas—but with a difference.

Previously buildings and plants qualified for a 40 per cent grant but with the new package this has been upped to a maximum of 50 per cent, against only 22½ per cent for special development areas in the rest of the UK.

Interest-free loans and part-interest-free relief grants are available by negotiation. Moreover, companies moving into Northern Ireland qualify for 100 per cent removal grants (to help transfer equipment and stock)—the equivalent is 80 per cent elsewhere in Britain.

Key workers get their individual house removal costs and sundry items like legal fees paid by the Government. Training grants are also available at £15 a week for employees over 18.

The total cost of these industrial development grants has been calculated historically between £7m and £14m. In the current year 1978-79 the Department is budgeting for a total bill of about £21m. Besides this a further £3m to £4m will probably be spent on capital grants (30 per cent on buildings and plant) which is given to companies regardless of commitments on employment.

Industrialists can also seek support from the Northern Ireland Development Agency, a quasi-merchant bank which operates with Government money and sets up partnerships with companies.

There is also the Local Enterprise Development Unit set up in 1971, separate from the Government and aimed at small enterprises with up to about 50 employees.

There is therefore a great deal of support available for anyone wanting to build or move into a factory in Northern Ireland. The optimistic noises from the Department would almost certainly not have been heard without the recent improved package of incentives.

However, it would also be a mistake to isolate Northern Ireland from conventional economic cycles.

In this respect the province tends to lag about one year behind Britain. So with the modest upturn throughout the rest of the UK during at least part of 1977 it should not be too much to hope that this may now filter through to Northern Ireland in the current year.

It cannot be denied, however, that it remains extremely difficult to attract foreign investment to Northern Ireland. The most recent target is Japan and according to Northern Ireland Secretary of State Roy Mason oriental interest has begun to quicken.

Sceptical

Nevertheless, whereas Ulstermen stress tight security, the reduction of bombings and killings and what many on the ground feel are the last kicks of a ten-year terrorist campaign, the cautious English businessman is more sceptical.

Local industry and commerce are, of course, responsible for many of the smaller lets. Local business is also the backbone of what warehousing development is carried out by the private sector.

According to Belfast estate agents there are a few signs that demand is picking up, with some well situated properties now fetching £1.20-£1.30 per square foot.

Certainly if the market did improve suddenly, there would be a shortage of space; many of the present warehouses, for example, are out of date relics of the declining linen industry not geared to the modern needs of containerisation.

According to Mr. Herbert Hunter, of Belfast estate agents Brian Morton and Co., one of the major problems for developers in Northern Ireland is the lack of institutional funds from the UK. Before the "troubles" this type of investment was not uncommon (the Coal Board pension fund was known to be active, for example) but it has now largely died out.

Banks and finance houses are reluctant to provide long-term finance, although even after paying 11 per cent developers could still make a profit with yields of 12-12½ per cent possible because of the lack of competition among investors. With prime yields now in the 6½ per cent to 7 per cent bracket in the UK, the potential is self-evident, especially given the unusually low rent levels—which could presumably rise rapidly.

Institutions have certainly been investing in commercial projects in Northern Ireland but it appears that the risks on industrial properties are considered too great. One fund manager in London even suggested that the fear of sequestration (by a united Ireland hostile to the UK, presumably) has been a determining factor in shaping attitudes.

Whatever the case, it is clear that demand is anyway not sufficient to justify action. But confidence is bound to return to Northern Ireland sooner or later and when this happens the industrial property market should quickly take off.

Tim Dickson

Wales

CONTINUED FROM PREVIOUS PAGE

risen substantially over the past year. Much poor space still exists in Cardiff at rents of under £1 per sq ft though.

The Land Authority for Wales (LAW) has land available for private development too. But despite its rightful claim to be the successfully working outcome of the Community Land Act, it can offer only a limited choice of sites.

LAW's largest holding is 36 acres in Cardiff (though six are being sold) with the remainder at Bridgend (two acres, also being sold), Barry (six acres) and 16 acres at Llantrisant, where the WDA itself has 111 acres at Ynys-y-Plwm. LAW's other site is 12 acres at Pontypool, about eight miles from both Ebbw Vale and Newport.

Industrial demand is strong at Newport, partly because of its good motorway connections. Warehouse demand is particularly strong but most of it is coming from non-Welsh companies.

The most established estate is the Newport Industrial Estate, developed over the past decade by various companies and some of it sold for investment. Standard Telephones, Westinghouse and RTZ have units on part of the estate developed by Raglan and now owned by Sun Alliance. Wingate, now owned by Wimpey, owns part of the estate, too, but much of Newport's activity is now centred on Tarmac's Reevesland Industrial Estate south-east of the town and about 1½ miles from the motorway.

About 400,000 sq ft of space has been developed on roughly a quarter of this 70-acre estate so far. All units are being pre-let by Powell-Tuck and Partners, mainly because of their size. Plessey has taken a 50,000-sq-ft unit for manufacturing; British Steel Corporation Tubes 160,000 sq ft of warehousing; and Venture Carpets of Atlanta a big 240,000-sq-ft unit.

Newport industrial space is also now letting at around £1.25, though again agents report that this is an increase of 25 per cent or more on a year ago.

Rents in Swansea are slightly lower, partly because it is still less accessible, though rents may rise when the motorway connection to England is complete. At present the section round Cardiff is still unfinished and a further section between Bridgend and Swansea has yet to be built, too.

The WDA's largest current project is at Abercanaid near Merthyr where a £10m expansion of Hoover's factory on land once covered by a colliery tip should provide 3,000 jobs. At Ebbw Vale, where 2,000 steelworkers were made redundant earlier this year, the WDA has succeeded in creating new jobs by letting and selling premises. LRC Components of Tredegar, an electronics industry supplier, has bought a 40,000 sq ft unit at Williamstown, while a Crawley-based plastics company is renting 10,000 sq ft at Brynmawr and an Abergavenny firm is expanding into 3,000 sq ft at Tafarnaubach.

But steel closures are not only a problem in South Wales. The WDA is having to build new factories on Deeside in North Wales too. At Shotton, the Deeside Industrial Park, being developed in conjunction with BSC, will cover 300 acres. Already 15,000 and 25,000 sq ft units are available and further large units will be available next year.

North Wales is the main beneficiary of the new £600m roads programme, with dual carriageways due to be built to connect Chester with Bangor and Chirk. But in both North and South Wales, the main road links are east-west, connections between North and South are still relatively poor.

The intermediary area is of course largely mountainous, much of it scenic. But this is the area where the Development Board for Rural Wales carries out the job done by the WDA in the rest of Wales. It inherited 63 factories totalling 943,000 sq ft and covering 145 acres, all with a net value of £4.9m, from the WDA. A £4½m programme to build factories on eight sites now exists, but rural needs are different from urban demands.

The vast majority of Wales has development area status (only two small pockets have intermediate area status) but the valleys and parts of Gwynedd have special development area status. In the latter endeavours to being manufacturing industry continue but the traditional tourist industry is continuing to give some support to the economy in the meantime.

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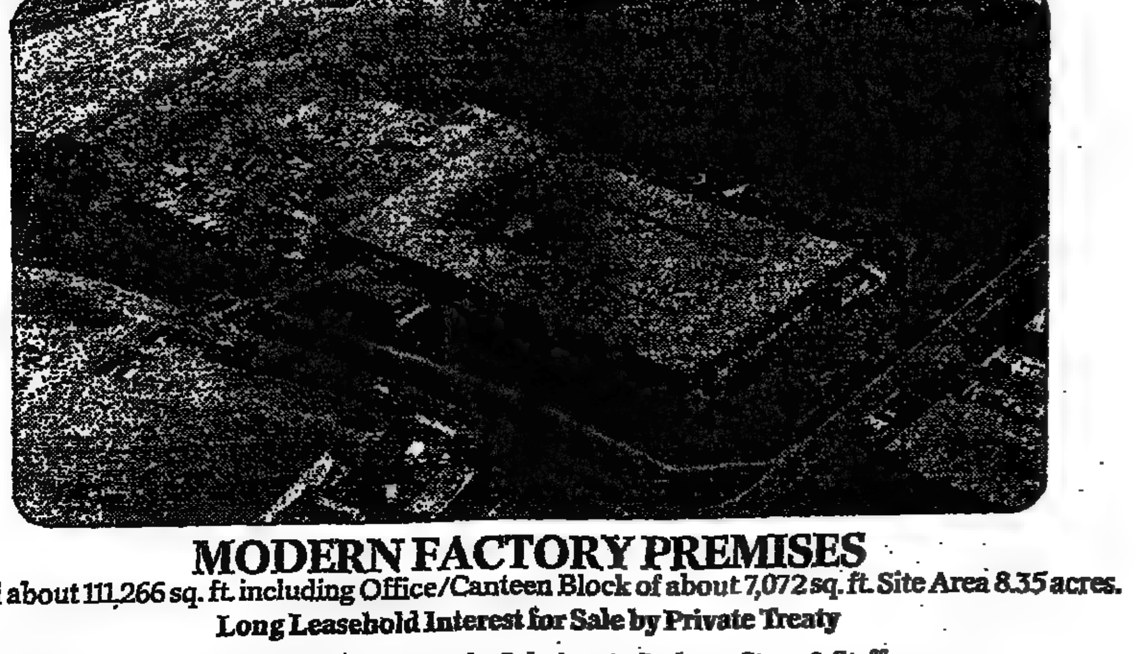
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INDUSTRIAL PROPERTY X

The New Towns

Interest reviving

SO FAR this year the outlook for industrial new town property seems to have been reasonably good.

The vitality and success of new towns in attracting industry within their boundaries can best be demonstrated by the amount of floor space let to companies in a given period and the number of advance factories completed. The former is the best barometer of demand, while the latter gives a clue to confidence.

New towns have become increasingly autonomous, central control is largely confined to financial constraint, while the different generations of new towns have led to considerable local variations in building timetables. Figures show, however, that in the three months to March 1978 a total of 81,500 square metres of new floorspace for manufacturing industry was completed.

This compares with 423,700 sqquare metres for the year to March last, 244,000 square metres for the corresponding 12 months and 650,000 square metres the year before. There was a serious hiccup in the dark days of 1976 when demand was extremely low. But given the traditional summer bias in the building trade, advance factories this year should at least maintain the levels of last year.

Figures up to December 1977 show that almost 6m sq ft of industrial space were under construction. And by last year 87m sq ft had been completed since designation in the 28 new towns in England, Scotland and Wales, providing a total of roughly 230,630 jobs.

Really big schemes have been at something of a premium of late. There is the new Coca Cola canning plant at Milton Keynes but the past year has also seen the disappointing failure to entice the Japanese electronics giant Hitachi to Washington in the North East.

Confidence

Signs of confidence have been creeping back, however. Only last week, for example, Northampton Development Corporation announced that 60 factories covering 250,000 sq ft are to be built for renting.

The new towns are still recovering from the reshaping of their future in 1976. Proposed new towns were abandoned, cutbacks were made in population targets, and the process for winding up development corporations within five years in eight of the earliest towns was begun.

The new towns however, did not come off as badly as they might have done. The six most recently set up (known as Mark 3)—Central Lancashire, Milton Keynes, Northampton, Peterborough, Telford and Warrington—were all given major programmes up to the middle or end of the next decade.

Government decisions, however, have lessened the emphasis placed on new towns. The old policy of persuading companies to move to deprived areas with geographically based assistance has been supplemented by a wide range of schemes for industrial sectors. Some of these, such as wool textiles and machine tools, are situated in areas which have not received the most generous levels of aid.

While the Government is certainly not so firmly committed to the new towns it is unlikely that its latest love—inner city renewal—will pose a terribly serious threat.

Mr. Peter Shore's commitment to this project may divert resources, but the inner city programme is not expected to significantly draw industry away from new towns.

The new towns have been built specially to accommodate industry with good communications, easy access and a ready supply of housing. Big cities do not have the same space and infrastructure to attract factories back into their clutches, even if they wished to do so.

Manufacturing meanwhile has declined in the big conurbations as a reaction to the demands of technology and the pull of labour-intensive service industries. In London, the vast pool of Government employment and the City of London are the best examples.

Most of the industrial employment which London has lost, however, has not gone elsewhere. It has simply ceased to exist. The GLC has noted that only seven per cent of this loss was made up of movement out to areas of planned overspill.

Another potential threat is competition from local authorities in the form of the Community Land Act. This has, in fact, proved largely impractical because the high taxes (66 per cent) on surplus gain make it unattractive to sell land for development.

However, a clause in the last Finance Act will make it much easier to turn over land for development. The Act allows the owner (and therefore when he passes on the benefits to an industrial lessor) to offset various costs against Development Land Tax. Whether or not this will provide a genuine threat to the new towns in the way of competition remains to be seen.

Whatever the case, there seems to have been some revival of demand for industrial estates in new towns over the past 18 months. As well as the slightly brighter investment upturn, devotees of the new town concept claim that the multiplicity of attractions are responsible for a healthier outlook.

For an industrialist, new towns are generally situated in areas with good communications. Newton Aycliffe and Peterlee are near Teesside airport, Warrington is on the Manchester Ship Canal, while many are directly linked to the South East via inter-city rail services.

In most cases land is available for expansion while it is argued that existing facilities afford a particularly suitable environment for the entrepreneur. If his operation grows too big for a small unit, he can always move to a bigger unit.

Financing arrangements are also flexible. The most conventional method is to lease premises built by the Development Corporation concerned but leases can be taken out on the land alone; institutional funding is another possibility. At Newton Aycliffe, for example, one of the big pension funds is financing a factory development.

The question of institutional involvement is more important now that the Government has redirected some of its spending. Some new towns — Telford is one example — have been trying to attract institutional finance but it is doubtful whether such a policy stands much chance of outright success.

Unhappy

In a lease and lease back arrangement (where the new town then collects the rent and passes on the appropriate proceeds) many institutions are unhappy if they do not have direct control over the tenant. They are largely concerned with finding a secure and guaranteed investment.

New towns, meanwhile, have adopted a fairly aggressive marketing policy of late and this has certainly paid off overseas.

Most development corporations advertise heavily, many stage exhibitions and promotions for potential industrial customers, while the three North-East towns—Washington, Newton Aycliffe and Peterlee—have a joint London office at the Royal Trade Centre, St. Catherine's Dock.

Further assets are a ready supply of accommodation to house key workers, high standards of factory design and the single-minded energies of a Development Corporation able to offer a complete package without the dissipation of energies elsewhere.

New towns have probably had their heyday. They were not built to stand still, however, and future success will depend on the growth development corporations can achieve with their experience and considerable resources.

T.D.

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Industrial Grants

Complex set of packages

A MACHINE tool manufacturer recently received £250,000 under the Government's industrial grants scheme towards the cost of a venture he planned. His experience illustrates the considerable aid available.

He had decided to set up a small factory to make dies and jigs for the textile industry. His accountant calculated that such a project would require a total investment of £1m, comprising £100,000 for land and buildings, £700,000 for plant and machinery and £200,000 working capital.

The businessman was having trouble raising the full amount, and was advised by his bank manager to approach the Department of Industry.

Investigation followed, and within months the businessman was ready to open premises in Darlington, Co. Durham, which is in a development area. As a result, he qualified for regional development grants amounting to 20 per cent of the cost of the land and buildings and a further 20 per cent of the cost of the plant and machinery.

In addition he also qualified for selective assistance of £90,000 under the 1972 Industry Act, which was based on total project costs including working capital. It all came to £250,000, or 25 per cent of the total investment. Everyone — the businessman, his bank manager and the Government—was delighted with the arrangement.

If the businessman had decided to go to a special development area the grants for new buildings and new machinery would have been even more — 22 per cent of costs. If he had gone to Northern Ireland, which is treated as a special case, the grants would have ranged from 30 per cent to 50 per cent.

The businessman was also given the option of renting a Government factory with the possibility of a two-year rent-free period.

Stories like this confirm the value of the Government's industrial aid package which aims at regenerating British industry as well as some of the economically depressed parts of the country.

For years the level of manufacturing investment in the U.K. has been dangerously low. While industry desperately needs to expand, especially to boost exports, investment per worker has been consistently below that of all our major competitors.

In the seven years to 1975, for every £1,000 of British investment the Americans spent £1,455, the Canadians £1,642, the Germans £1,648, the French £2,079 and the Japanese £3,769.

The industrial aid package is a complex one. On top of the regional development grants outlined there is also selective assistance available under section seven and eight of the Industry Act, 1972. Broadly speaking section seven assistance is available to firms within

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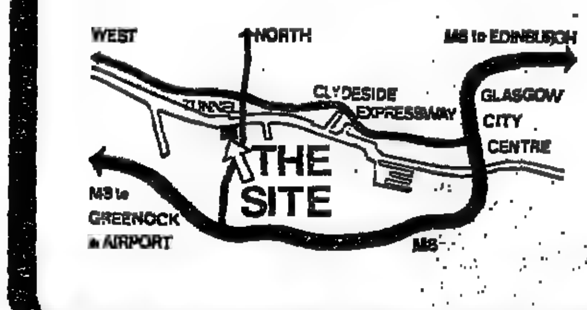

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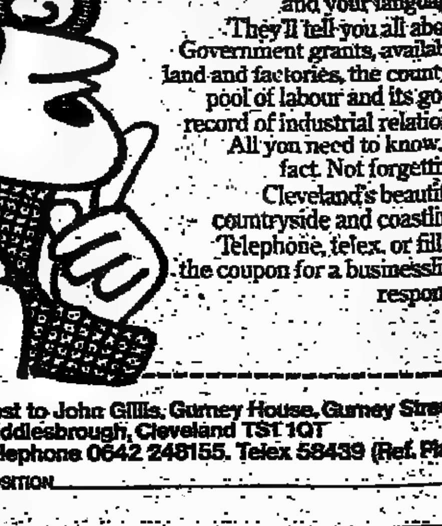

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INDUSTRIAL PROPERTY XI

The Inner Cities

New priority areas

ON AUGUST 1 last the Inner Urban Areas Act became law and a new class of assisted region came into being. On top of new towns, special development areas, development areas and intermediate development areas we now have inner cities.

According to guidance from the Minister responsible, Mr. Peter Shore, the inner cities will now be a major priority in terms of regional strategy, second only to the special development areas.

Under the Act local authorities in the designated areas will have general powers to assist industry and regenerate the quality of life in the areas affected.

In addition they will have specific powers to designate improvement areas and make loans available (on commercial terms) in them for industrial development or environmental improvements. They will also be able to lend industrialists up to 90 per cent. of the capital cost of land and new buildings in the areas and, finally, they will be able to encourage the establishment of co-ownership or co-operative industrial ventures.

So far some 29 or so areas have been designated under the Act. But there is a further group of authorities which are to have even stronger redevelopment powers. These are the so-called "partnership areas," which in London include the Dockland boroughs, together with Hackney, Islington and Lambeth. In the provinces, Manchester and Salford, Liverpool, Newcastle and Gateshead and Birmingham are the other authorities involved.

These authorities, working in partnership with the Department of Industry, will have grants available to assist industrialists with rents on new leases on industrial or commercial premises in the areas.

They will also be able to provide loans—interest-free for up to two years—for site preparation works. There will be special grants available to small businesses (those employing under 50 people).

The Docklands enjoy an even higher status in this hierarchy. In addition to the powers of the other authorities they will have preferential treatment as far as industrial development certificates are concerned.

Within two months of the establishment of the partnership schemes their structure has already come under some pressure. Some local authorities are jibbing at the insistence of the Department of Industry that it has a formal role in the inner area programmes where hitherto the authorities have held sole sway.

In this sniping—not so far significant in itself but growing—could lie the seeds of the collapse of the Government's brand new approach to industry in the cities. Unfortunately, such lack of co-operation has been a regular feature of inter-authority schemes throughout the country, most noticeably in the Docklands themselves.

However, this by itself could probably be overcome but for the doubts many participants have about the concept of inner city aid in itself.

One camp firmly believes that aid can usefully be given to the inner cities which would have obvious, if modest, regenerative effects.

The problem from this viewpoint is just how massive the Government intervention needs to be. So far it has allocated around £125m to the inner cities for regeneration and a further £15m for a three-year "clean up" programme.

Focus

That such sums are a mere drop in the bucket compared with what would really be needed is self-evident. A figure of £150m does not represent even one per cent of the total expenditure by local authorities. Another figure which puts the inner cities sum in even sharper focus is the £100m which the Government is granting the Ford Motor Company towards its £180m new plant in South Wales.

Among those who do believe that Government aid for the inner cities—if not actually achieving regeneration—will at least help to arrest their further decay are those who believe that the scheme will attract only a certain type of nursery industry.

Mr. Shore himself is of that group. He accepts that "few large-scale employment projects will be attracted to inner cities by the exercise of the Act's powers." Instead he is pinning his hopes on medium and small companies being lured back to the inner cities.

An even more pessimistic view is taken by most of the commercial property men who have looked at the potential for the inner cities as far as industrial development areas are concerned.

They are adamant that the mere existence of grants, no matter how favourable, or even plots of land with automatic assistance for building, will not entice industrial developers to build in the areas designated—at least on any scale. Quite simply the developers do not believe that there is sufficient demand from industrialists of any size for the buildings they might erect.

Another and more conceptual opposition to the Government's policy is that it contains inherent dangers for the national regional assistance programme. In instigating support for the inner urban areas for the first time, Government appears to be reversing—or at least altering—the emphasis of some 70 years of planned dispersal and decentralisation.

The Minister has in fact been at pains to underline the continuation of the regional support grants (although the Conservative Party has hinted that it wants to cut these dramatically). However, supporting the one does look like withdrawing full support from the other.

More importantly, the commonly held belief that the plight of the inner cities has been created by the decentralisation programme has been intensified—indeed, almost confirmed.

Even before the Government embarked on its current programme many inner area planners could see that the real problem in the inner cities was not poverty, overcrowding and a poor environment—though these are important. The real problem was the loss of jobs from those areas since the war.

That period also saw the blossoming of the new towns policy, the establishment of the special development regions and the introduction of office development permits and industrial development certificates designed to drive companies out of central areas.

It was an easy step to put the two things together and claim that the regions had caused the plight of the inner cities—with Government backing.

On such a view the only effective Government move—and that would only help by widening the areas' ability to attract new businesses—would be the abolition of industrial development certificates. This the Government cannot do if it is to be seen to be continuing its programme of regional assistance.

That is not to say that the inner cities policy is doomed to total failure. No doubt Birmingham, for instance, will make its £30m grant under the scheme pay real dividends in the Handsworth and Sparkbrook areas over the next three years.

The London Borough of Hammersmith is confident that the £7½m or so it has wrung out of the total budget will regenerate some 60 acres of former British Rail and British Gas land and provide 3,000 new jobs.

However, the inescapable conclusion is that inner area decay will not be arrested or reversed by current policies.

C.M.

Grants

CONTINUED FROM PREVIOUS PAGE

an assisted area and extends to those creating new jobs or safeguarding existing ones through modernisation. Section eight assistance is available anywhere in the UK so long as the project to which it refers can be shown to be of benefit to the national economy.

A selective investment scheme offers assistance for large projects (minimum size £500,000) which offer "additionality"—projects, for example, which are brought forward faster than might otherwise have been the case.

Sector investment schemes include aid for specific projects in industries which the Government would like to see expand. At present these industries include instrumentation and automation (closing date December 31); red meat slaughter houses (closing date November 30); drop forging (closing date December 31) and micro-electronics (scheme just launched).

Aid is also given under this section to the "rescue" operations such as BL (formerly British Leyland), Alfred Herbert and Chrysler UK.

From December 1976, to the end of August last, 99 projects were aided under the selective investment scheme. The amount of assistance offered totalled £42.5m towards projects with a capital cost of £413m. Around 6,400 new jobs were associated with these projects, an estimated 5,800 jobs were preserved.

Up to March 31, 1978, 1,500 offers were made under the sector investment schemes. Assistance offered totalled £152m for projects costing £721m.

The amount paid out in regional development grants to March 1978, totalled £1.45bn and another £468m has been paid via selective assistance.

In addition, for employment-creating prospects, medium-term loans are available towards normal capital needs, including working capital. Interest rates are normally below commercial rates.

As an alternative to a loan a grant may be offered towards the finance raised by the company, normally 3 per cent per year for up to four years.

Another type of aid is the removal grant, where up to 80 per cent of the costs of removal of plant, stocks, and the employer's net statutory redundancy payments at the old location are met.

In addition, service industry undertakings may qualify for grants of up to £1,500 per employee. For employment-maintaining projects, assistance is provided where finance cannot be obtained from commercial sources. This is usually in the form of loans at broadly commercial interest rates.

Some assistance may also be provided by local authorities or New Town Development Corporations, and industrial training boards may make grants towards training costs. However, this is taken into account in determining the amount of any selective financial assistance provided by the Government.

In addition to the national schemes operated by the training boards, a number of training services are available to all businesses in the assisted areas. They are normally charged on a full-cost basis, but those available through the Manpower Services Commission, operating via the Training Services Agency, are free.

The Government also gives grants and allowances for employees transferred permanently or temporarily to key posts in the areas for expansion. This type of aid includes rail fares and settling-in allowances.

One source of finance made available recently is the European Investment Bank which, together with the European Coal and Steel Community, makes loans for up to 40 per cent of the fixed capital costs of specific projects. Interest rates from the EIB are below commercial level—at present 7.5 per cent for seven years.

With the exception of development areas, special development areas and Northern Ireland, application for planning permission for industrial development usually has to be supported by an industrial development certificate, application for which has to be made to the Government department responsible for the area in which the project is proposed.

Thus, the Government has the whip hand to direct and encourage future investment. It only leaves the entrepreneur to take advantage of the resources available.

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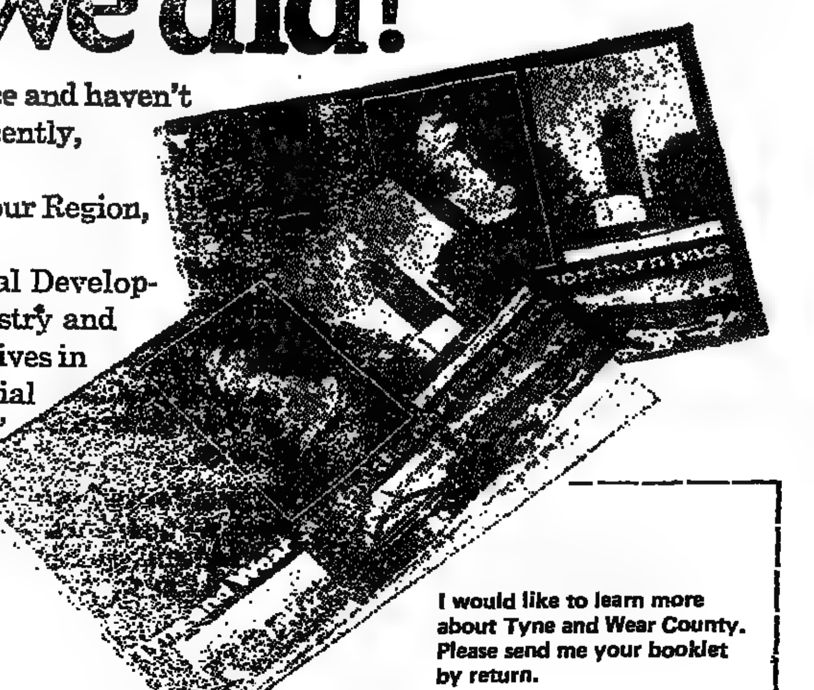

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Name

Company

Address

To: Peter Waring, Industrial Officer, Tyne and Wear County Council, Sandyford House, Archbold Terrace, Newcastle upon Tyne 2. Telephone: 0632 816144

Tyne and Wear County Council

Investment Performance

Research aids for fund managers

(1) 1977-78 INDUSTRIAL RENT GROWTH

Location	Average Rents £s per sq ft June 1977	June 1978	Percentage growth
London Airport	2.00	2.25	12.5
South West London—Inner (e.g. Wandsworth, Nine Elms)	2.00	2.65	32.5
South West London—Outer (e.g. Mitcham, Merton)	1.85	2.25	21.6
South East London—Inner (e.g. Bermondsey, Camberwell)	1.70	2.30	35.3
East London	1.60	1.75	9.4
North London—Inner (e.g. Kings Cross, Camden)	2.25	2.75	22.2
North London—Outer (e.g. Wood Green, Haringey)	2.00	2.30	15.0
North West London (e.g. Park Royal, Brent)	1.75	2.35	34.3
West London—Inner (e.g. Fulham, Hammersmith)	2.05	2.50	22.0
Woking, Surey	1.60	1.75	9.4
St. Albans, Herts.	2.00	2.25	12.5
Chelmsford, Essex	1.60	1.90	18.8
Basingstoke, Hants.	1.35	1.45	7.4
Luton, Beds.	1.50	1.65	10
Swindon, Wilts.	1.25	1.40	12
Cambridge, Cambs.	1.25	1.25	—
Ipswich, Suffolk	1.00	1.20	20
Colchester, Essex	1.10	1.25	13.6
Maidstone, Kent	1.30	1.60	23.1
Tunbridge Wells, Kent	1.50	1.75	16.7
Reading, Berks.	1.55	1.85	19.4
High Wycombe, Bucks.	1.50	1.85	23.3
Crawley, Sussex	2.00	2.40	20.0
Southampton, Hants.	1.25	1.50	20.0
Birmingham, W. Midlands	1.20	1.55	29.2
Coventry, W. Midlands	1.30	1.45	11.5
Stoke-on-Trent, Staffs.	1.15	1.25	8.7
Leicester, Leics.	1.15	1.40	21.7
Nottingham, Notts.	1.15	1.40	21.7
Cardiff, Glam.	1.10	1.20	9.1
Leeds, W. Yorks.	1.10	1.35	22.7
Bradford, W. Yorks.	0.85	0.95	11.8
Manchester	1.30	1.50	15.4
Newcastle, Tyne & Wear	1.10	1.20	9.1
Gloucester	1.25	1.35	8.0
Exeter, Devon	1.20	1.30	8.3
Glasgow, Lanarks.	1.20	1.25	4.2

Source: Grant & Partners

(2) INDEXING RENTS

	1965	1969	1972	1973	1974	1975	1976	1977
RENT INDEX (all commercial prop.)	100	145	211	298	348	362	370	391
Shops	100	140	219	283	331	350	376	409
Offices	100	154	228	355	399	394	379	386
Industrial	100	133	169	214	279	318	347	381
ADJUSTED FOR INFLATION								
RENT INDEX (all commercial prop.)	100	123	144	188	189	157	139	126
Shops	100	119	150	178	180	152	142	131
Offices	100	131	155	223	217	171	143	124
Industrial	100	113	116	135	152	138	131	123
RETAIL PRICE INDEX (Mid Year 1965=100)	100	118	147	159	184	230	266	311

Source: Investors Chronicle Hillier Parker Rent Index

INSTITUTIONS' INCREASED acceptance of industrial property as an equal partner to offices and shops within investment portfolios stems in part from the greater availability of comparative performance analysis.

Graphic

A major City of London office block looks far more impressive than the best designed industrial estate. And it is only since investment surveyors turned their research staffs to producing tabular and graphic impressions of the past rental growth and investment value of each type of commercial property that fund managers have been able to look beyond the uninspiring appearance of most industrial buildings to their impressive comparative performance as investments.

The recent strength of the industrial letting market is shown, with its marked regional variations, in Table 1.

Grant and Partners' countrywide survey of rents for modern industrial buildings over the past year reflects the developers' success in passing on rising site and construction costs in rents. This leads Grants to the view, echoed by other agents, that after near-paralysis of the development market in 1974 and 1975 current pressure for modern space in effect a catching-up process. Unless there is a general economic recovery the agency anticipates a gentle slackening of demand, and of rental growth, as this previously unsatisfied backlog of demand is taken up. But its figures lead it to dismiss suggestions that the industrial development and investment market is currently over-heated.

Looking beyond the current strength of the market the two hypothetical property portfolios set up to create investment indices by the Investors Chronicle with Hillier Parker May and Rowden and by Jones Lang Wootton, both provide encouraging evidence of industrial property's past performance.

The IC-Hillier Parker index (Table 2), based on a national sample of institutional quality properties, shows that industrial property investments have held their own against shops and offices in the past decade. Industrial rents in the index (2) show a steadier pace of growth than the more volatile alternatives, and on a comparative regional basis the index suggests that provincial industrial properties have in fact outpaced rental growth in a number of the major office centres.

The Jones Lang Wootton Property Index (3) gives a less impressive view of industrial rents' performance. As JLW's hypothetical portfolio was formed to grow in the same way as that of a typical fund, the earlier years are based on a smaller sample of properties. But by using a chain-linked index to measure each year's performance the general pattern of the rental graphs are valid, and industrials are shown to trail prime office investments in estimated rental terms. Factory and warehouses, which made up around 20 per cent of the JLW fund's portfolio, did, however, hold up relatively well against both shop and agricultural rents.

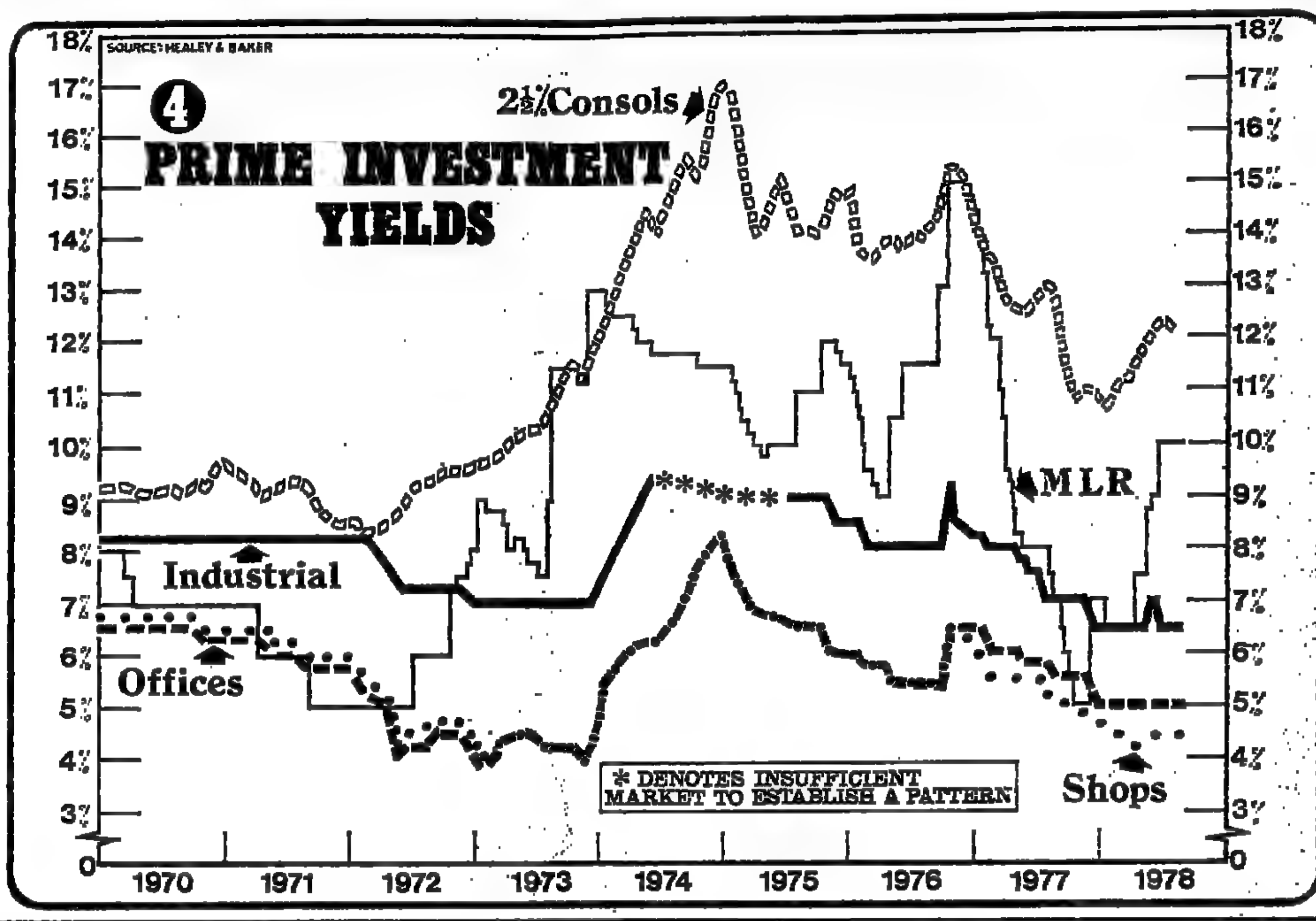
Close

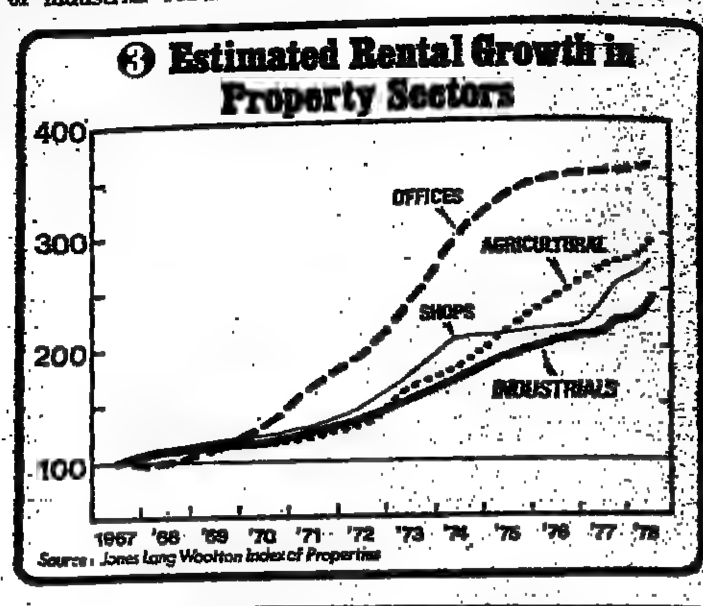
Healey and Baker's analysis of prime property investment yields (4) charts the relationship between buying yields for each type of commercial property. During the period of the last property boom offices commanded yields ranging to 2½ points less than industrials. But since the crash in 1974 that yield gap has tended to close, settling down to around a 1½-point discount.

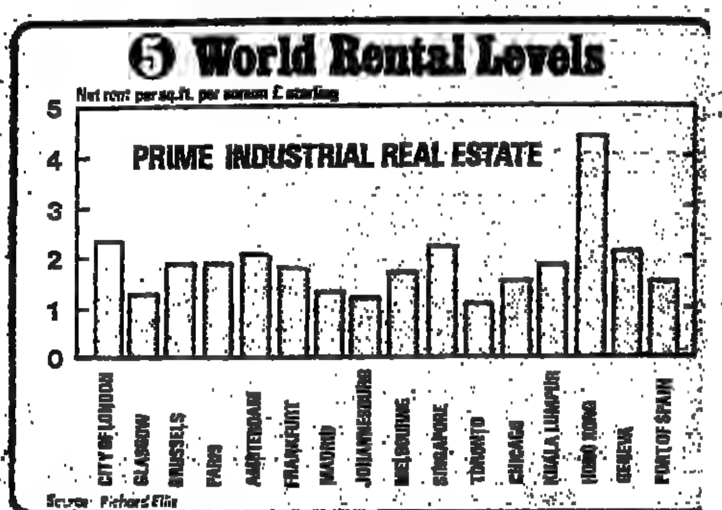
The debate about the need for such a yield gap continues, with traditionalists and those who argue the need for a sinking fund to replace industrial buildings lined up against those who believe that the wider spread available from industrial investments and the greater cost of major office refurbishments makes a discount for industrials unreasonable. But as the chart shows, the traditionalists still set the tone for the market.

In chart 5 Richard Ellis provides an interesting comparison of industrial rents around the world. As with offices and shops, London rent costs for industrial property remain among the highest in the world, being beaten only by the extraordinary markets of Singapore and Hong Kong. Rents outside the capital do, however, fall into the surprisingly similar range of all the major international markets and as the overall range of rental costs is relatively narrow, averaging around £1.50 a square foot, there are no convincing rental arguments to drive industrialists from the British market overseas. Accommodation costs remain too low to override, or even seriously influence, a decision to locate a business in any particular country.

John Brennan







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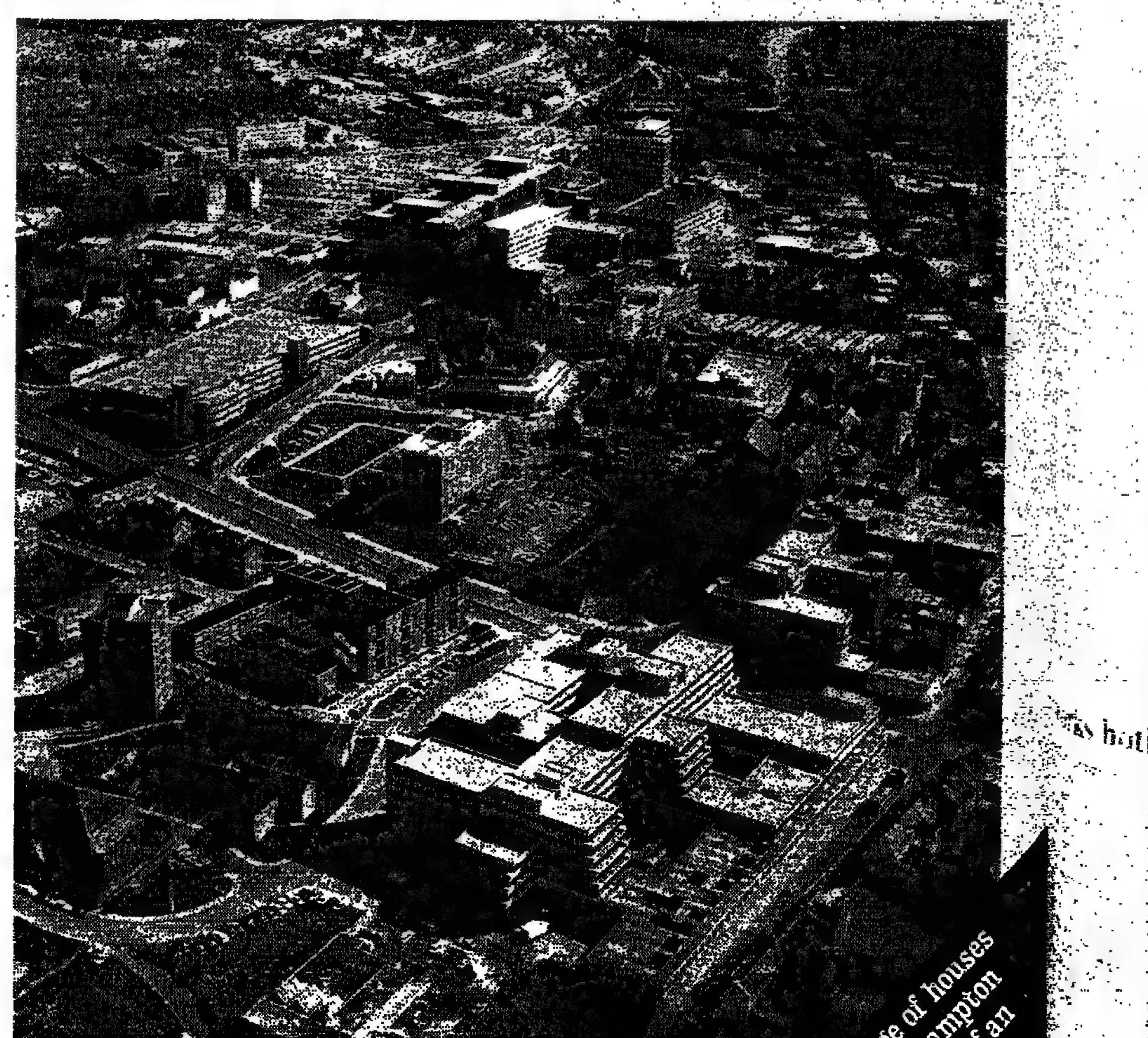

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Hard times ahead for Gulf contractors

BY MICHAEL CASSELL, recently in the Middle East

FLOW of construction through the Middle East ...ne that has brought ...reds of millions of pounds ... of business to Britain's ...national contracting com... ...s is slowly but perceptibly ...lling.

...markets of the Gulf are ...nger set to offer quite so ...y to UK companies the ...m of work which for the ...ew years has helped pro... ...hem from the full impact ... worst domestic construc... ...ecession since the last war.

...combination of circum... ...s has created a situation ...ch the amount of business ...ble in the Middle East has ...ed substantially and in ... the winning of work that ...offer has become a greater ...ever test of construction ...edge, experience and ...ing skills.

...the time being, the situa... ...oes not appear too acute. ...of the UK's largest con... ...g operations — some ...shed in the Gulf region ... the existence of oil, let ...before its importance was ...appreciated—have major ...ts under way which, for ...xt two years or so, will ...heir Middle East opera... ...ully utilised and provide ... with some hard-earned

...ould be misleading to ...t that the Middle East ...nts a hopelessly over... ...ed market which con... ...s might as well avoid ...now on. There is no ...hat the potential for con... ...on remains impressively ...nd that some good profits ... to be made, but it is ... clear that the search for ...siness is now becoming ...bly more fraught and ...r some contractors the ...could provide a stark contrast to their experiences of the past five years.

Few contracting companies in the Gulf are prepared to state openly the full extent of their concern over the changing situation. They admit that work is now harder to come by (on profitable terms), than most of them can remember, but say they are confident of their ability to pick up enough work to justify their continued presence in the region.

Privately, however, several Gulf-based executives of some of the largest UK contractors admit that the prospects for winning substantial new orders to take them beyond the expiry of their present contracts are looking grim and one or two even envisage a close down of operations in some areas.

Bahrain, the United Arab Emirates and Oman appear to represent some of the most difficult markets for international contractors seeking new business.

A major cause of their current problems has been the widespread and substantial reductions in expenditure following the frantic period of growth throughout most of the Gulf from 1973 up until the end of 1976. With the bulk of construction work coming from the public sector, the economic recession has had a substantial effect on the flow of contracts, with the real impact only now beginning to bite.

In addition, there are fundamental changes taking place in the nature of the work now becoming available. There are notable exceptions, but many of the Middle East nations are now at an advanced stage of development in terms of infrastructure and the scope for future "jumbo" projects will become steadily more restricted. Neither do many of the countries involved have the population to justify the continued provision of basic services, such as airports, motorways and harbour and dry docks complexes. Over-capacity has already become a problem for some types of installations.

Another complication affecting contractors is the slow emergence of the local contracting company as a force in its own right in the small to medium-size project.

Their emergence does not represent an immediate threat to the large international groups which are primarily engaged on work beyond the resources of the smaller operator. But as the profile of contracting work changes, with a switch in emphasis from large civil engineering projects to more straightforward building work, the international operator may find he has a new and powerful force with which to compete.

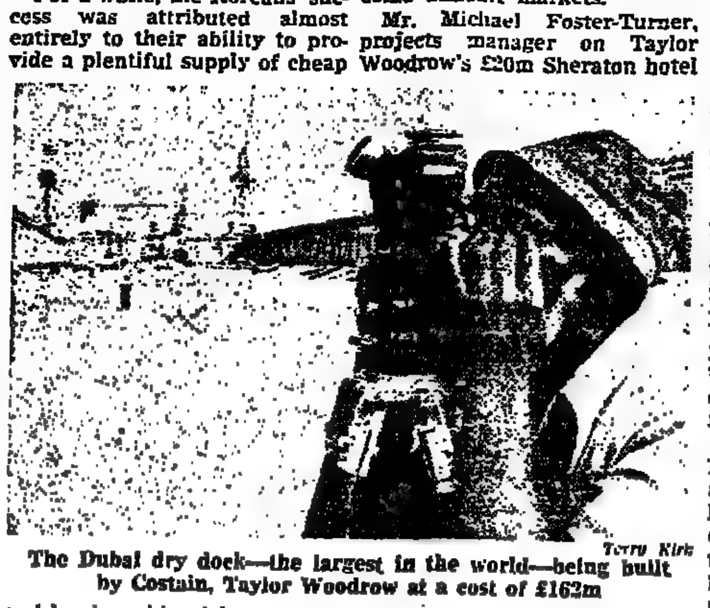
At the moment, however, it is competition from other foreign contractors which is making the going in the Gulf very heavy. No conversation on the state of contracting in the region is complete without a reference to the South Koreans, who are proving to be far more than the temporary phenomenon that many contractors expected.

Names like Hyundai, Daelim and the Korea Overseas Construction Corporation are figuring more prominently on tendering lists and their success rate has reached a point where several UK contractors are not prepared to go to the expense and trouble of bidding for work in which their Far Eastern competitors are known to be interested.

Organised like an army, with an eye on earning badly needed foreign currency and capable of undercutting almost anyone else's bid by up to 25 per cent, the South Koreans have been snatching millions of pounds worth of work from under the noses of contractors of all nationalities. They have taken dredging work from the Dutch, road projects from the Greeks and a variety of building and civil engineering contracts from the British.

They have been particularly successful in parts of the United Arab Emirates, notably Abu Dhabi, as well as in other important markets like Saudi Arabia and Bahrain.

For a while, the Koreans' success was attributed almost entirely to their ability to provide a plentiful supply of cheap and hard working labour and to build quickly. It was assumed that their cost-cutting approach could not endure and that limited technical experience would curb their potential for continuing success.



Terry Kirk

The Dubai dry dock—the largest in the world—being built by Costain, Taylor Woodrow at a cost of £162m

Events have proved this to be wrong and the Koreans have been pitching for, and winning, contracts covering the broadest spectrum of construction activity, from electrification programmes to oil storage plants and defence installations, as well as the "bread and butter" sewerage projects and housing developments.

Competitors accept that the Koreans' performance is good and that their workmanship is of a high quality. Their conviction—yet to be proved—that the Asians are not making money on their contracts doesn't resolve for competitors the problem of winning new work in what have, in the main, become difficult markets.

Mr. Michael Foster-Turner, projects manager on Taylor Woodrow's £20m Sheraton hotel and shopping complex in Bahrain, confirms that the South Korean presence has intensified the problems of winning work: "A lot of U.S. consultants are moving into the region and are favouring the Koreans. There is no doubt in my mind that we could do a job as quickly and for the same price as the Koreans, but we are here to make a profit and will not begin to compete on the sort of terms they are offering."

Mr. James O'Brien, Higgs and Hill construction director in Bahrain, sees the Koreans as a major threat to the activities of companies like his. "They are proving to be extremely successful here. They took on a dry dock scheme to prove themselves and have never looked back since. The outlook is not a particularly encouraging one, with Bahraini contractors now capable of doing projects which a short while ago were beyond them."

A Korean presence is, however, no more than an added complication for most UK contractors, whose position in some markets at least would now be difficult enough without the activities of their Asian competitors.

In Dubai, for example, a good market for UK contractors with its long-held pro-British sympathies, the level of construction work has levelled out. Development expenditure is set to decline over the next two years and for several contractors the pattern is one of completing existing contracts while searching hard for new ones.

Mr. Samir Said, of Costain International in Dubai, is anxious to emphasise that the latest situation does not in his opinion represent a recession in the sense which most UK companies understand, although he concedes the market now is very different from the one which existed three or four years ago.

"The market is now certainly somewhat jaded and lots of contractors are sitting round waiting to pick up the crumbs. They are, without question, taking on unprofitable work to maintain their operations here."

"There is no doubt that, for the moment, the UK contractors have the lion's share of the market in Dubai, though they have lost out heavily to people like the Koreans in Abu Dhabi.

"One of the most worrying aspects of the present market is the extent to which we are continually being let down by UK suppliers of materials and equipment. Contractors are continually having to make excuses for this weakness and are learning readily to accept non-British names and products. As a result, there is now a much lower UK content in the materials and machines being used on construction projects involving British contractors."

The dilemma of adjusting from what at one stage appeared to be plentiful amounts of demanding civil engineering work to smaller scale and less easily obtainable work is one which now confronts contractors like Costain and Taylor Woodrow which have been operating in a joint venture to build a dry dock complex and extend port facilities in Dubai. The contracts are worth well in excess of £300m and whether or not the two companies consider a repeat arrangement in order to win more work, they will find it hard to maintain activity at recent levels.

The difficulties ahead are readily appreciated by people like Mr. David Chetwyn, in charge of the Costain-Taylor Woodrow joint venture. "Many of the major projects, especially in a market like the Emirates, are finished or nearing completion and competition for any large works yet to come up will be extremely tough.

"Contractors will in many cases have to change tack and the future may lie in the provision of second generation facilities, such as industrial installations."

But while many contractors talk of South America as the next land-of-plenty there remain areas of the Middle East where large volumes of basic civil engineering work remains to be done and where UK contractors could succeed, such as Egypt, Oman and—largest of them all—Saudi Arabia.

Egypt, for example, represents a potentially major market with its sizeable population and large land area. Its weak economic situation and, until recently, its reluctance to open its doors to any form of foreign participation, have kept construction opportunities in the country to a minimum. But with the prospects of a more stable political future ahead and at least some relief from the awesome burden of defence costs, more resources could be released to begin to provide many of the basic services and facilities which for so long have been missing. UK contractors already operating there include Tarmac, Higgs and Hill, Bovis and Cementation.

Saudi Arabia remains something of an enigma, offering one of the largest construction markets of all and yet providing British companies with a fraction of the work available. Many contractors have simply fought shy of a market which imposes some very tough contract conditions, onerous lists of guarantees and one of the harshest working environments in the Middle East.

The consensus, among British contractors at least, has been to avoid Saudi Arabia while other countries nearby have continued to offer easier alternatives.

But the last 12 months have taught the British and the international construction fraternity as a whole that there are no longer any easy options in the Middle East.

Letters to the Editor

...stering ...wth

...e General Secretary, ...al, Electronic ...munication and ...g Union.

...It is to be regretted that ...nancial Times of Sep... ...19 chose to repeat the ...accusations against my... ...my union that were con... ...n an article in the Post ...ngineering Union Jour...

...e accused of neglecting ...embers' job interests, ...ng to muscle in on the ... of another union and ... hands with dangerous ... order to facilitate the

...is a total misrepresen... ... our union's policy and ... We have not advocated ...ng-off of profitable areas ...ost Office operations. We ...subscribe to the dogma ...vate enterprise is, by ..., economically superior ...nalised industries. We ...ever, wish to foster the ... of the telecommuni... ...ancillary equipment in... ...We do not believe that ... Office has either the ... or the will to foster ...wth, at a rate which ...meliorate the threat of ...redundancies within the ... and meet consumer ...for a wider range of

...onsense to suggest that ...esents an infringement ... territory. We are talk... ... the creation of a totally ...ustry which, as recent ... the U.S. have shown, ... to be established. In... ... they published in full ... about which they com... ...ier than selected quotes, ...d have been obvious.

...OEU journal does not ...t what "dangerous ...they are referring to, un... ...is an oblique reference ...ith Joseph whose Con... ...ideology is no concern ...ur concern is to protect ...onists' jobs in an in... ...hich is subject to an ...ng decline in its labour ...ught about by the rapid ...on of micro-electronic ...y.

...EU suggestion that this ... not done what it can ... the degree of import ...n, whether in public or ...stallation, is absurd as ...ial examination of the ...ld show. The major ...our policy stems from ... that a more vigorous ... the industry is the key ...wth in exports and the reductions in imports. There is little chance of this happening while the industry is locked into the special requirements and volumes dictated by past and present policies of the Post Office.

Indeed, implicit in the arguments of the POEU is an assumption that public welfare can best be served by an all-embracing monopoly. That is not a socialist concept but a corporatist one and, as history will show, is often the road to industrial ossification and decline.

It is widely recognised that the UK cannot afford to fall behind in the introduction of micro-electronic technology. It is also widely known that this, in turn, will generate immense structural dislocations. One major way in which these can be minimised is the strong insistence that industry accelerate the development of new commercial and consumer products. We suggest that the apparent attempt by the POEU to impede this undoubtedly correct thrust is itself a "great disservice" to the trade union movement.

Frank Chapple,
EETPU,
Hayes Court, West Common Road, Bromley.

Sand and gravel extraction

From Mr. M. Nesbitt

Sir,—Buckinghamshire County Council's recently published minerals subject plan on the need for and implications of mineral extraction exemplified once again local government's insensitive approach to subjects of deep public concern.

One of the principal objectives of the study into areas suitable for sand and gravel extraction in the county was the need to safeguard people's homes, attractive countryside and other areas by ensuring that minerals are extracted at sites where they are least damaging.

With this laudable objective in mind excavation areas have been recommended in the Stoke Poges and Hedgerley districts, which for many years have been classified as "green belt" conservation areas by the planning authority. With fine promises of restoration they threaten areas of mature woodland where wildlife and forestry would take many decades to become re-established. It has also been proposed to substitute excavation losses with domestic and industrial waste in areas where the ensuing influx of scavenging birdlife would pose a real threat of bird-strike for Heathrow and local airports.

All this with an implementation programme which ensures virtually no time for local residents and Parish Councils to safeguard the interests of people throughout the county and surrounding areas.

Must we continue to stand as witnesses to the mindless erosion of our countryside in areas where many people have chosen to live away from the concrete jungles of inner-city life?

Miles Nesbitt.
*Camellia Cottage,
Templewood Lane,
Stoke Poges,
Buckinghamshire.*

Accountancy examinations

From Mr. J. Wooller

Sir,—The sentiments expressed by Mrs. Mincer (September 25) are typical of those of a growing band of frustrated students of the Institute of Chartered Accountants in England and Wales. Why, they ask, is it so easy to get through earlier examinations when it is so difficult to clear the final hurdle? Such a system does little credit to the institute.

Another burning question is why the institute fails so many students in the elements of financial decisions paper. For students to fail due to lack of knowledge in accounting, auditing or tax is palatable, but to fail a subject so operational research oriented as to be of little practical relevance is indeed galling.

Jeff Wooller.
*Flat 504,
Queen's Quay,
Upper Thames Street, EC4.*

Trustees and information

From Mr. A. Philipp

Sir,—I was interested in reading Paul Dean's letter (September 21) concerning the duties of pension fund trustees and in particular his comments relating to the wider disclosure of information.

He stressed the need for effective accountability although it is not clear whether this is purely to the members of each fund or to the wider sphere of the contributing company, the financial institutions generally or the public at large. I fully agree however that it is preferable to have voluntary disclosure of information, and through it greater accountability, than extra legislation.

It is encouraging to note that there appears to be a general trend by pension funds to make their accounts and other information available. In March we published the first edition of Pension Funds and Their Advisers, in which we aimed at listing all the major pension funds. There was, however, a great deal of reticence by many major funds to disclose any information, partly because they did not at that time want too much information available publicly and in some cases because such information was not even available to their own members. We are, however, now preparing the second edition and it is encouraging to note that many pension funds are now far more willing to disclose such information as to the size of their fund and how it is invested, than previously. It is, however, regrettable that certain large pension funds are still not prepared to supply outsiders, and possibly even their own members, with such information.

Hopefully the pension funds will voluntarily show that there is effective accountability and that they are fully performing their duty to the public as well as to their members. A voluntary code of conduct to encourage this is certainly preferable to extra legislation.

Alan Philipp.
AP Financial Registers,
9, Courtleigh Gardens, NW11.

Pensions and funds

From Mr. R. Nottage

Sir,—Mr. Paul Dean (September 21) suggests that the Occupational Pensions Board should be requested "to draw up a code of good practices relating to the running of occupational pension schemes and their accountability, with particular references to adequate and readable information and the variety of ways in which members can be involved in the running of their schemes"—as a means of asuaging the Wilson Committee's anxiety about the growing financial power of the pension funds. This proposal will strike the committee, I fear, as no more effective than the proverbial re-arrangement of the deck chairs on the Titanic.

Mr. Dean also says that "The last thing wanted after the spate of pensions legislation in recent years is yet another Act." But is this really so? The Social Security Pensions Act, 1975 is not a statute to be proud of. The benefits it will confer in 20 years time are markedly inferior to those which pensioners in other European countries already enjoy; and its administrative complexity, had it not actually been contrived, could never reasonably have been imagined. Worst of all, however, it seeks to perpetuate, and even to expand, the employer-based system of retirement pensions, a system in which each scheme must have its own capital fund and from which the valuable option of pay-as-you-go financing is largely excluded.

Sir Harold Wilson has come to regard the massive growth of the pension funds—the inevitable consequence of the employer-based system of retirement pensions—as probably "the biggest social revolution we have had in this country." For those who find the direction of this revolution distasteful — and among them must surely be the protagonists of Britain as a property-owning democracy—there are, I submit, only two lines of policy to pursue. First, to discontinue the funding of the local authorities' and nationalised industries' pension schemes and to introduce in its place government guarantees of the members' entitlements. Second, to start thinking fundamentally about the system of retirement pensions which the nation as a whole really needs, even though this could prove to be radically different from the one with which the 1975 Act has lumbered us.

R. Nottage.
*Reform Club,
Pall Mall, SW1.*

Aid for faulty buys

From Mr. P. Hardee

Sir,—Referring to Michael Blanden's article of September 22, is there anything preventing Access and Barclaycard holders who took out cards prior to July 1, 1977 from cancelling these and immediately re-applying for new ones, thus ensuring full protection under Section 75 of the Consumer Credit Act?

P. A. Hardee.
*69a, Pilkington Ave.,
Sutton Coldfield,
West Midlands.*

...le works both ways

... Marketing Director, ...egg and Son.

...our readers will no ... interested to learn of ...ons that this organisa... ...eceived from prominent ... in Turkey. This fol... ...t quota restrictions on ...ports to the United ... There are many ...ons such as ours who ...xporting capital mach... ...ch organisations play ...l part in the economy ...ted Kingdom.

...particular situation we ... advised that Turkey ...ed its total 1978 quota ...in the period January ...This in itself sounds ...til one examines the ...hese are as follows:

.... 3,240 tonnes
.... 3,202 "
...n-July) 3,772 "

...e will appreciate that ...of the yarn that is in... ...mall against the total ...vity. It is true to say ... firm alone has in... ...ing a potential order value in excess of the value of the total yarn import in 1978. In addition, we have exported to Turkey capital equipment worth many millions in the past. In addition to this activity there is the export of capital equipment from other textile machinery firms to Turkey and the overall effect is one of politicians taking a sledge hammer to crack a walnut.

As a result of this Governmental action, we have been advised that imports of textile machinery from the UK have been banned by the local textile union. This is in spite of the fact that against international competition, our equipment was acknowledged to be superior on both price and specification.

We must all remember that international trade is a two way business and any controls which may be judged necessary should be carefully implemented, having borne all possible factors in mind.

D. J. Walsom,
Barkby Road, Leicester.

Today's Events

GENERAL

TUC General Council meeting, London.

Mr. Toshiwo Doko, president of Japan's Federation of Economic Organisations (Keidanren) heads 20-member trade delegation visiting Denmark, the Netherlands and Norway.

President Nimeiri of Sudan addresses General Assembly of United Nations in his capacity as chairman of the Organisation of African Unity.

In Washington, Senate vote expected on National Gas Price Deregulation Bill.

The Council of Europe Parliamentary Assembly opens in Strasbourg for eight-day session.

Israel: Knesset debate on fate of Sinai settlements continues—vote expected.

Social workers token strike in all 32 London boroughs, as part of pay grading dispute.

Crown Agents' Tribunal continues at Church House, Westminster.

Mr. Aubrey Singer, managing director of BBC Radio, announces plans to publicise wavelength changes for Radio 3 and 4 and details of programme plans.

Headmasters' Conference opens at Exeter University.

COMPANY RESULTS

Final dividends: A. Beckman. Campari. Hunt and Moscrop (Middleton). Startrite Engineering Group. Throgmorton Secured Growth Trust. Interim dividends: Alpine Holdings. Alva Investment Trust. Ayshire Metal Products. Foseco Minsep. Legal and General Assurance Society. Manders (Holdings). Thomson T-Line Caravans. Tootal. C. and W. Walker Holdings.

COMPANY MEETINGS

Ailsa Investment Trust, 216 West George Street, Glasgow, 12.30. Courts (Furnishers), Crown House, Morden, Surrey, 11. Longton Transport, North Stafford Hotel, Station Road, Stoke-on-Trent, 3.

SPORT

Rugby Union: Southern Counties v. Argentina—tour match at Oxford.

Tennis: Pernod Trophy, Nottingham.

EXHIBITIONS

Portuguese Art, Royal Academy of Arts, Burlington House, Piccadilly, W1 (until October 1).

Annual Hayward exhibition containing work by contemporary British artists, Hayward Gallery, South Bank, London SE1 (until October 8).

LUNCHTIME MUSIC IN LONDON

1.05 pm. St. Olave, piano recital—Christine Shepherd.

1.10 pm. St. Margaret's Lothbury, organ recital—Richard Townend.

1.15 pm. St. Bride, organ recital—Patricia Nelson.

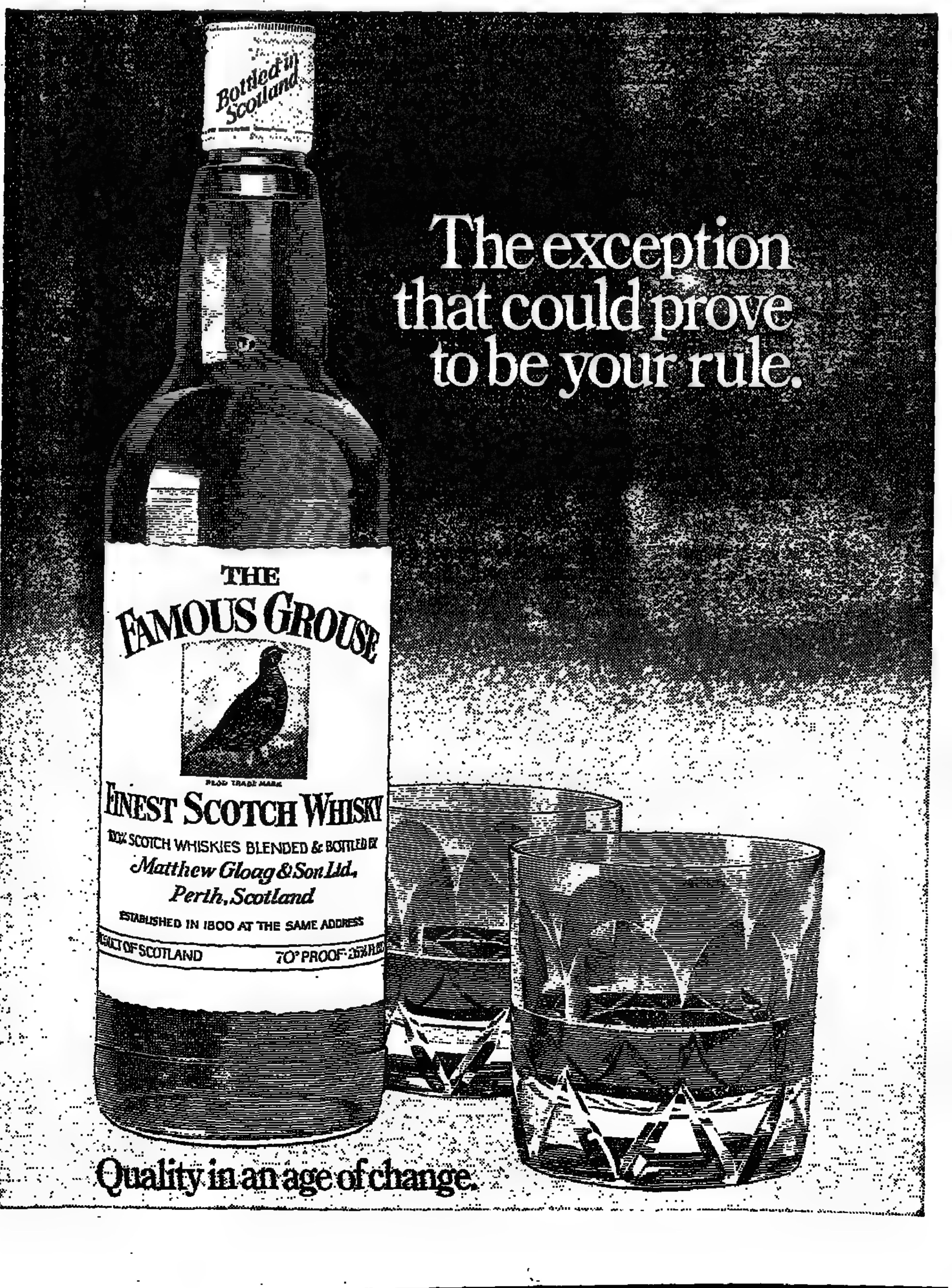
1.15 pm. Holy Sepulchre, piano recital—Martin Dyke.

1.15 pm. St. Lawrence Jewry. Talk on "Listening to organ music" by Christopher Dearnley.

SALEROOM

Christie's: Bernard Perrin collection of printed and woven silk cigarette and periodical inserts.

Sotheby's: Medal sale, including medals, orders and baton awarded to Field Marshal Lord William Nicholson.



Barratt reaches peak £11.2m despite difficult conditions

DESPITE DIFFICULT trading conditions in the building industry, Barratt Developments reports record pre-tax profits of £11.2m for the year ended June 30, 1978, an increase of £3.8m over the previous year.

Net profits increased further to £12.5m against £6.69m, owing to a further release of deferred tax not now considered likely to be payable in the foreseeable future.

Earnings per share are shown at 37.4p (24.9p) and as forecast in last November's rights issue, the total dividend is raised from 7.3250599p to 8.14p with a final payment of 5.5p.

First-half profits had shown a rise from £3.84m to £4.09m. The directors now say they are confident the significant improvement reflected in the year's results is being maintained and that the group will continue to progress.

	Year ended 1977-78 £000	Year 1976-77 £000
Turnover	122,216	99,317
Profit	11,174	7,407
Housebuilding*	8,378	5,[illegible]
Land sales	203	196
Prop. invest. income	1,023	604
Resid. invest. sales	1,343	1,296
Tax credit	1,375	-720
Net profit	12,549	6,087
Dividend	2,879	1,369
Retained	9,670	4,718

* Plus contracting and manufacturing. † Charge.

As forecast in rights issue document, improving margins were a major feature of the second half of the year and this trend is continuing during the early months of the current year. The directors report buoyant demand and an improving financial return.

The group has maintained its holding of high quality developable land at three years supply without becoming involved in purchasing land at the prices which have been generated by recent land shortage. Forward sales continue to be highly satisfactory demonstrating the extensive market available.

The policy of increasing the property investment portfolio year by year continues although the development programme of 1977-78 will not be reflected in the accounts until 1979, the board states.

General contracting remains the one minor disappointment but the workforce has been kept fully employed and the group is in a position to take advantage of any upturn in the sector.

See Lex

HIGHLIGHTS

In launching its new range of medical scanners **EMI** has given further warnings of the burden which medical problems placed upon the group in the past year. The results are due next week. Lex also discusses the balance sheeet of **Decca**, and the stock exchange's apparent change of policy on insider dealings. Meantime **Barratt**, Britains second largest housebuilder has come up with profits 51 per cent higher. The strong recovery in margins reflects the fact that for the first time for some years house prices have been growing faster than building costs. Elsewhere full year profits at **AB Electronic** show a sharp setback. **Percy Bilton** shows modest growth at the half way stage and the full year is expected to produce profits of £6m. **Unicorn** is expected to show an upturn after the small first half setback, and **Newman** again shows strong profits growth. **Ibstock** continues to buck the trend and starts to digest a major acquisition.

Mr. Brian Ball-Greene, chairman of Unicorn Industries . . . orders have improved in recent weeks

Newman sustains momentum

WITH PRE-TAX profits up from £1.42m to £2.26m results for the first half of 1978 show that Newman Industries is consolidating and sustaining the strong progress made during 1977. Half-time profit excluding the contribution and cost of the investment in Avdel Group improved by 30 per cent to £1.85m.

Mr. Alan Bartlett says that the increase represents intrinsic growth and not extraordinary profits and losses attributable to company acquisitions and disposals made since January, 1977.

Group sales expanded from £20.27m to £22.3m with a high proportion of overseas activities and the order book at the beginning of the second half significantly exceeds that at the same date in 1977.

Mr. Bartlett points out that the inclusion of the unaudited results of Avdel, which contributed £405,000 in the half year, demonstrates the effect and potential of the integration on the business into the Newman group.

Figures for Avdel for the six months to June 30, 1978, show turnover of £14.64m and a profit of £1.38 subject to tax of £0.5m.

The provision for tax is based upon circumstances that will radically change providing Newman exercises its option to acquire the balance of the equity of Avdel that it does not presently own, the chairman states.

He reports that preliminary discussions are being held with groups located outside the UK to develop a new international market strategy designed to create the opportunities necessary to continue Newman's growth and expansion despite the activity of major overseas competitors.

The interim dividend per 25p share is increased from 1.375p to 1.5p net—last year's total payment was 5p from record profits of £4m.

The cost of the interim is £205,000 and preference dividends for the half year amount to £18,000. The minority interest in the profit is £56,000.

	Six months 1978 £000	1977 £000	Year 1977 £000
Turnover	22,300	20,270	45,150
Trading profit	1,851	1,418	4,012
Share of Avdel*	493	—	—
Cost of investment	85	—	—
Profit before tax	2,258	1,418	4,012
Newman tax	642	226	676
Avdel tax	281	—	—
Net profit	1,335	1,192	3,336

* Newman acquired an interest of 31.23 per cent of Avdel International NV ("Avdel") with effect from January 1, 1978.

● **comment**

Following last year's more than doubled profits, growth at **Newman Industries** continues apace. This time taxable profits are roughly 30 per cent better before Avdel, with the extra contribution from the now wholly owned Dover offsetting the loss of two subsidiaries. Gross margins are up from just under seven to more than 14 per cent, largely reflecting increased overseas sales which now account for about three-fifths of the total. The group's future strategy seems to lie in the more profitable overseas markets and Avdel will clearly play an important role there. Competition, however, is becoming tougher, particularly from the Japanese in the U.S. Newman does not intend to meet the threat head on—instead it hopes to compete on quality and its well developed marketing network. Electric motors are now just part of a large group and most of the companies seem to be operating well. Meanwhile, the main interest surrounds Newman's option to buy the rest of Avdel. If this is exercised before the end of the year it will transform Newman—especially since Avdel's full year profits could well be consolidated. At 94p the shares are on a prospective fully taxed p/e of 6.3 (assuming profits for the year of £4.5m) and a yield of 8.8 per cent.

King & Shaxson

Limited

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Gilt Edged Portfolio Management Service Index 26.9.78

Portfolio I Income	Offer	81.21
	Bid	81.17
Portfolio II Capital	Offer	130.11
	Bid	130.01

First half fall for Campbell & Isherwood

Profits of Campbell and Isherwood fell from £287,000 to £226,000 in the first half of 1978 before tax of £117,500, compared with £150,000.

The directors say the reduced profit reflects more difficult trading conditions in the marine field. It is anticipated that this level of profit will be maintained in the second half.

Pre-tax profits for last year totalled £614,000. The group trades as electrical engineers in motor and marine repairs, ship installation and industrial contracting.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
AB Electronic		3.63	—	3.54	5.63	5.04
Airsprung Group	int.	2.39	Oct. 16	1.4	—	3.5
Barratt Deelopts.		5.5†	Nov. 23	4.93	8.1	7.[illegible]
Percy Bilton	int.	2.26	Nov. 30	2.23	—	6.[illegible]
Brasway		1	Nov. 8	nil	—	0.5
Norman Hay	int.	1.5	Nov. 18	1	—	3
Ibstock Johnsen	int.	2.75	Nov. 10	2.5	—	[illegible]
IDC	int.	2.39	Oct. 3	2.17	—	[illegible]
Modern Eng. Bristol	int.	1.07	Nov. 13	0.97	—	[illegible]
Newman Inds.		1.5	Feb. 26	1.38	—	[illegible]
OEM	††int.	1.41	Dec. 8	1.28	—	[illegible]
Rosedimond Inv.	int.	2.1	Oct. 31	2	—	[illegible]
Schlesinger Intl.‖		2	Oct. 31	2	3.3	3.5
Schlesinger Intl.‖	int.	1.3	Oct. 31	1.3	—	3.5
Sizewell Trust		1.8	Nov. 3	1.3	1.8	1.3
Solicitors' Law	int.	1.47	Nov. 16	1.45	—	[illegible]
Sunlight Service	int.	0.4	—	0.36	—	1.14
Tomatin Distillers	int.	0.9**	Nov. 1	0.81	—	0.73
Unicorn Industries	int.	2.13‡	Dec. 11	1.95	—	5.47
Watmough's	†§int.	1.2	Nov. 6	0.67*	—	3.63*

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Additional 0.0329p in respect of 1977. § Increase to reduce disparity. ¶ To reduce disparity. ‖ Gross throughout. ** Additional 0.033p in respect of 1977. †† Additional 0.04289p for 1977.

Solicitors Law maintains growth in first half

THE STEADY profit growth at the Solicitors' Law Stationery Society has been maintained in the first half of 1978 resulting in sales up 22.4 per cent to £11.66m and a 13.3 per cent increase in pre-tax profits to £722,364.

However, costs associated with major rationalisation are likely to result in the first half's marginally improving trend not being sustained in the second six months, the directors say.

Earnings per share are shown at 2.41p against 2.23p and the interim dividend is 1.474p (1.452p) —last year's total was 3.8605p from pre-tax profits of £1.27m.

	First half 1978 £	1977 £
Turnover	11,657,482	9,519,158
Profit before tax	722,364	637,625
Tax	446,943	384,028
Net profit	273,421	253,867
Minorities	—	322
Interim dividend	167,148	164,654

The sale of the printing works of Oyez S.A. and the sale of Etab. J. Frankfort S.A. were both completed by the end of August, 1978. The costs of these disposals are in the provision made in the accounts for 1977.

Major steps are being taken in rationalising office equipment operations, the directors say. The Oyez Reprographics company will cease trading as a separate entity with effect from October 31, 1978. Thereafter, its business will be combined with the business machines and technical services divisions of Oyez Stationery to form a total business machines division.

Directors will be disposing of the leased premises currently occupied in Tonbridge by Oyez Reprographics, the new division being based at group head office in London. This rationalisation will allow the board to concentrate efforts in marketing business machines through one specialised trading structure to the benefit of both customers and the company and will enable more economic use to be made of existing premises.

● **comment**

At a time when the printing and stationery market has shown little growth, **Solicitors' Law** has increased its first half profits by 17 per cent, reflecting a volume gain of about a tenth. The company attributes this improvement in volume to a better performance from its salesmen following the staff training programme implemented last year. But while sales are comfortably ahead, profits growth was held back by continuing losses from the Belgium operations. They must have reduced the group result by at least £100,000, so the disposal of certain of the Belgium assets will release the drag on profits from September onwards. However, the rationalisation costs in the office equipment division will bite into the second half, so full year profits may be no more than the 1977 figure of £1.2m. At 80p, the shares stand on a prospective p/e of 11.5 (assuming a 52 per cent tax charge), while the major prop is the 11 per cent yield.

Sunlight Service sees peak year

The directors of Sunlight Service Group report a turnover of £6.98m against £5.31m for the half year to July 1, 1978 and taxable profits up from £289,944 to £377,174.

They say that results are encouraging and they expect profits for the full year to show a satisfactory increase over the record £814,000 for 1977.

The net interim dividend is stepped up to 0.4013p (0.35937p) per 10p share, absorbing £38,655 (£34,091), last year's final being 0.78211p.

After a disappointing start the linen hire division improved significantly in the latter months of the period, and all other divisions made a useful contribution to the increase in profitability.

After tax £196,130 (£150,770) net profit came out at £181,044 (£139,174).

Trusts sign new currency agreements

Carliol and Tyneside Investment Trusts have negotiated currency exchange agreements for seven years with Morgan Guaranty Trust Company of New York in sums of U.S.$3m and $2m respectively.

Both trusts have also repaid multi-currency loans of $1.5m and $0.75m respectively and have negotiated new multi-currency loans from Manufacturers Hanover Trust Company of $1m and $600,000.

Unicorn Inds. slips to £3.5m —expects second half upturn

AN UNCHANGED volume of demand and margins under pressure helped leave taxable earnings at Unicorn Industries lower at £3.46m, against £3.62m, for the first half of 1978. There was a minimal contribution this time from North America where the relocation of diamond product processes and a disruptive strike combined to hold back the anticipated improvement in performance.

The group result was some 15 per cent higher than the outturn for the second half of 1977 and broadly maintains the much higher level established during last year the directors comment.

They point out that the group managed to support an increase in turnover of £2.18m to £36.26m without any increase in working capital. The overall effect of currency exchange rates was not significant and the company's share of associates' profits was ahead to £787,000 (£495,000).

The last few weeks have seen a slight, if patchy, improvement in both home and export orders in the UK. If this trend continues and if industry remains free from unrest over pay, current indications are that the group finish close to the record £6.63m profit in 1977, they state.

Tax for the half-year took £1.81m (£1.84m) for earnings per 25p share of 6.7p (7.3p). The net interim dividend is raised to 2.1274p (1.9521p) and an additional 0.0329p is to be paid in respect of 1977 following the tax change. The final last time was 3.4759p.

Diamond merchanting was restricted by lack of availability of stocks, but margins were well maintained. The diamond division's European companies all did creditably in depressed markets, with some recovery in France after the general election, and the first signs of an upturn in Sweden, the directors report.

The results of Abrasives International, now the group's surface technology division, have been included for the first time. This company made a record half-year contribution.

The recently acquired 50 per cent interest in Atlas Copco Craelius A.B. has been included among associates. As known, this agreement contained an option to purchase, within three years, the remaining 50 per cent from Atlas Copco. The progress of Craelius from a pre-acquisition loss to a modest profit in the first half, accompanied by an encouraging year-end forecast, predisposes the Board to exercise this option at the earliest practical date.

	Half year 1978 £000	1977 £000
External sales	28,261	34,065
Share of assocs. sales	7,400	4,987
Trading profit	3,135	3,641
Share assocs.	787	495
Interest	467	325
Pre-tax profit	3,455	3,620
Tax	1,812	1,840
Net profit	1,647	1,779
To minorities	63	65
Attributable	1,589	1,714
Pref. dividends	6	6
Ord. dividends	514	467

The elimination of goodwill and inclusion of Craelius debts would push up the group's currently gearing ratio, as was foreseen at the time of the original acquisition, but this will remain within acceptable limits, they say.

Completion of the acquisition of Rebolos Brazil has taken place since halftime. This company has been trading at a profit during the year.

● **comment**

Unicorn will be battling in the next few months to overcome the first half profit setback. It will be aided by the completion of the acquisition of the Brazil-based Rebolos which has been trading profitably this year. There is also a rather patchy improvement in some sectors of the five main trading divisions. Coated abrasives is doing particularly well and the diamond products division is showing a general improvement. Within the grinding wheel sector, UK operations are doing better than last year but a long and bitter strike in Canada took the edge off the contribution from that area. The small construction services division is benefiting from a slight improvement in construction work. General industrial unrest could upset the second half but it looks as though the company could record a final result around last year's record of £6.6m. At 101p the shares stand on a prospective p/e of 6.9 and a yield (assuming maximum allowable dividend increase) of 9.2 per cent.

Ibstock up 15.5% at halfway

AIDED BY the acquisition of Marion Brick Corporation in June, taking the group into the U.S., the directors of Ibstock Johnsen report first half 1978 taxable profits ahead by 15.5 per cent from £1.9m to £2.2m. Turnover was up at £21.48m against £16.43m last time.

They add that production capacity has been increased by 30 per cent to 750m bricks per annum as a result of the acquisition and that with the growth overseas, profits are likely to show more fluctuations between the first and second halves, with the second being noticeably better.

They expect this to be particularly evident for 1978 because the contribution from Marion will be a full six months compared with just one month for the period.

Group profit for all of 1977 was a record £4.33m.

In the UK while demand somewhat improved, the directors say trading conditions remain very competitive. Brick deliveries increased during the half-year by 15 per cent to 124.6m (107.8m) and trading profit increased by 25 per cent to £1.72m.

In Holland production and deliveries continued at optimum levels and profits were well up on the first half of last year. In Belgium, although turnover continued to rise, losses are still being incurred, they say, and offset the improved Dutch performance.

Earnings per 25p share are shown as 10.32p (12.06p) and the net interim dividend is stepped up to 2.75p (2.5p) absorbing £273,440 (£248,321)—last year's final was 3.643p.

	6 months 1978 £	1977 £
[illegible]	21,479,676	16,428,929
[illegible]	12,298,714	10,797,923
[illegible]	7,071,141	5,631,016
[illegible]	1,111,023	—
[illegible] profit	2,295,951	1,825,046
[illegible]	1,716,591	1,477,199
[illegible]	430,126	460,547
U.S.	129,352	—
[illegible] division	96,419	120,673
[illegible] company	1,909	27,257
[illegible]	22,328	59,405
[illegible] interest	214,266	155,299
Profit before tax	2,195,464	1,900,190
Tax	1,150,795	720,714
Net profit	1,044,669	1,197,476
Available	1,044,669	1,197,476

* 1977 [illegible] adjusted.

● **comment**

Ibstock Johnsen has reached an interesting stage in its trading history. As usual the results show that the group has managed to buck the normal brick cycle with its formula of running production flat out, which can keep down units costs, as well as pick up market share while competitors are more hesitant. Its brick deliveries rose by 15 per cent to 124.6m in the UK compared with an industry trend of 5 per cent. And trading margins were as solid as a rock. Profits in the UK rose 25 per cent to £1.72m against a turnover increase of 23 per cent.

The group is now absorbing Marion Brick in the U.S. The deal will increase annual turnover by around a quarter and production by a half. Working capital rises by over a quarter. While the prospects in the U.S. are exciting for the future growth of the group—in 1979 Marion could contribute around £1.4m—the eventual effect the deal could have on the group's balance sheet is a more problematical consideration.

In its last balance sheet Ibstock had borrowings in relation to shareholders' funds of around 36 per cent. The Marion deal has increased this to around 64 per cent. Admittedly this is before adjusting for a large deferred tax element. If that is allowed for the ratios bump down to 27 per cent and 40 per cent respectively.

But Ibstock has problems in Belgium. Losses there in the first half were running at £220,000. And there is much reorganisation to be done. Moreover, the Belgium troubles are happening at a time when Ibstock will have to commit itself to organising marketing strategies in the U.S.

Meanwhile the group will be paying a fractionally higher tax charge htis year due to the non allowable Belgium losses and some reduction in stock appreciation relief. For the full year the group could turn in £5.25m compared with £4.33m. The shares at 186p up 2p stand on a prospective p/e of 7.5 and yield 5.5 per cent, which is an undemanding rating.

ASSOCIATED TOOLING INDUSTRIES LIMITED

Summary of Results	Year ended 28 February 1978	1977
Turnover	£1,451,636	£1,407,545
Profit before tax	£109,356	£72,665
Profit after tax	£47,609	£27,135
Earnings per share	2.7p	1.6p
Dividend per share	3.84327p	3.493875p

The following are extracts from the Statement by the Chairman, Mr. A. G. Pratt.

The freehold premises known as The Old Silk Mill, Brook Street, Tring, has been sold for £180,000 cash. As a result of this transaction the Group has made a net profit of approximately £70,000, which will be included as an extraordinary item in the interim figures for the half year ended 31st August, 1978.

Since the end of the financial year the Group has disposed of further assets which were not providing a satisfactory return. This, coupled with current trading and the aforementioned transactions, has resulted in the Group having substantial cash resources and a materially improved liquidity position. The Board are considering all available alternatives to utilise this cash surplus including acquisitions and the feasibility of making a substantial cash payment to members by way of a capital reduction.

All subsidiaries continue to trade at a profit and overall the Board views the future more optimistically than when last reporting.

"Every quarter of the world is now a Davy market"

Highlights from the Annual Statement by Sir John Buckley, the chairman, for the year ended 31st March 1978

	1978 millions	1977 millions
Work done	£387	£329
Profit before tax	£25.4	£18.8
Net assets employed	£102.9	£76.7
Order book at 30th June	£1,240	£1,157
Earnings per share	34.5p	30.9p

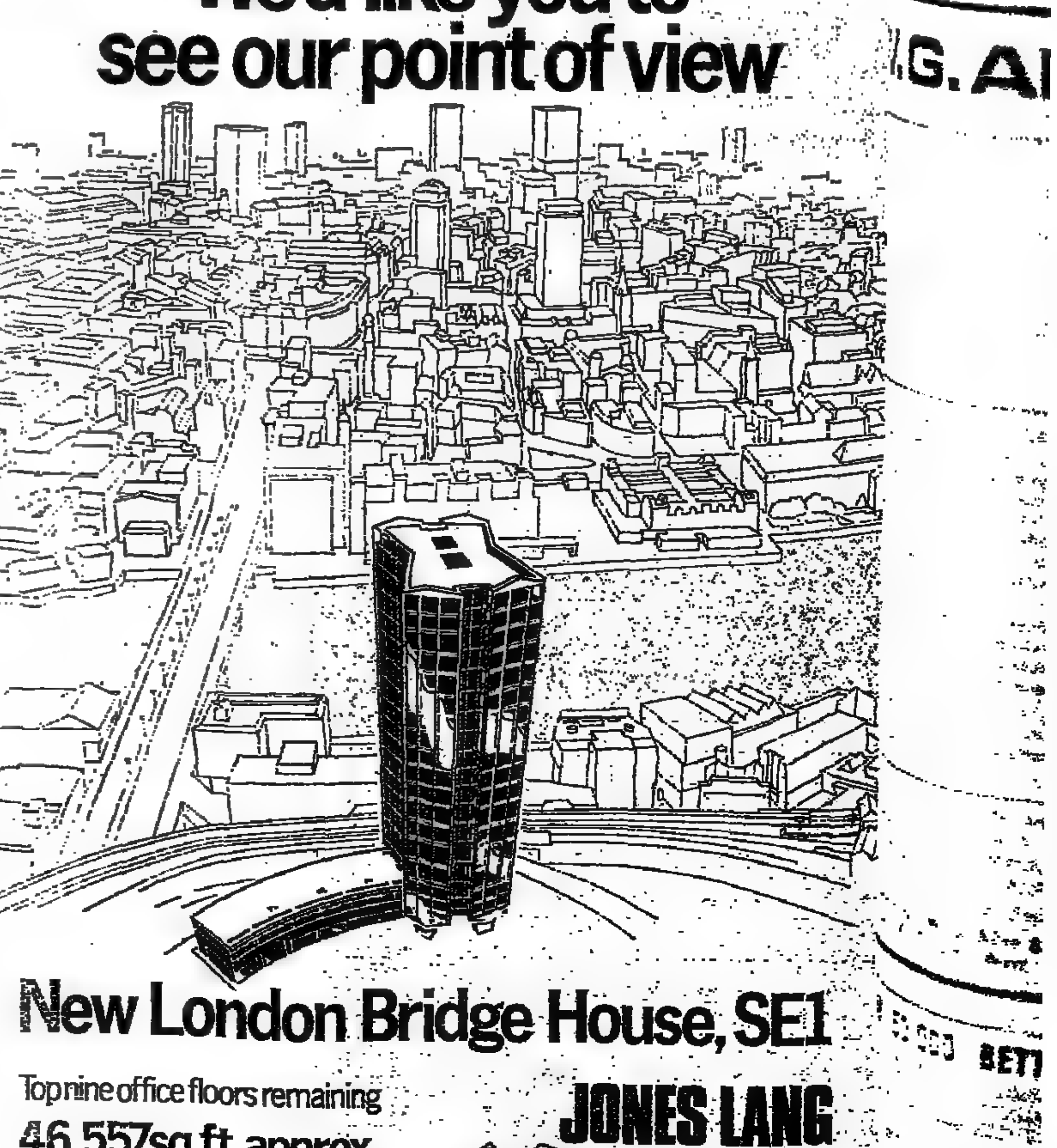
- High levels of performance of recent years maintained.
- Notable successes in field of large projects.
- Continued development of financial strength and further improvement in liquidity.
- Continuing capital expenditure on modern machinery and equipment.
- Changes in company structure and organisation successfully completed to adjust to growth and the mergers with Head Wrightson and Herbert Morris.
- Company well placed for further expansion.

Copies of the Report and Accounts can be obtained from The Secretary, Davy International Ltd., 15 Portland Place, London W1A 4DD.

Davy

an international engineering and construction organisation serving the world's oil, chemical, petrochemical, plastics, synthetic fibres, fertilisers, mining and minerals, iron and steel, non-ferrous metals, coal, nuclear, gas, pulp and paper, water treatment, effluent and pollution control and other process industries; designers and manufacturers of rolling mills and auxiliaries, rolls, forging and extrusion plant, special control systems, cranes, hoists and mechanical handling systems and a wide range of custom-built machinery for the metals and other industries.

We'd like you to see our point of view



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The deep divisions in the AUEW

BY ALAN PIKE, Labour Correspondent

MR. HUGH SCANLON will set off to Broadstairs and retirement next month after 11 years as president of the Amalgamated Union of Engineering Workers leaving behind him a union in disarray.

The latest eruption in the BL toolrooms, dampened down at present but still not extinguished, was a final crisis to ensure that Mr. Scanlon went out in the style to which he has become accustomed during his years of leading the AUEW. His leadership has not caused the problems which often afflict the union and his retirement will not solve them.

It is not mere coincidence, however, that the AUEW should be in another crisis with its toolmakers at the moment that Mr. Scanlon leaves and is succeeded by Mr. Terry Duffy. The problem has been one with which the union's leaders have had to live almost daily in recent years and it is still no nearer a permanent solution.

At the beginning of this month it appeared that the AUEW executive, now securely in the control of Mr. Duffy and his colleagues who are politically on the right-wing of the trade union movement, were ready for a fight to the death with Mr. Roy Fraser and the leaders of his unofficial toolroom committee which organised last year's Leyland toolroom strike. The committee is campaigning for pay parity and improved differentials in BL but also, in a more general way, for the AUEW to devote more of its energies to the particular problems of skilled workers in an industry where negotiations are often dominated by the less skilled.

Last month the union's East Birmingham district committee decided to expel 32 toolmakers on unofficial strike at BL's SU Fuel Systems factory in Birmingham in the clear knowledge that the strikers had the support of Mr. Fraser and his colleagues. Mr. Fraser's committee responded by threatening another all-out strike by their 3,000 supporters in the BL toolrooms—and any other skilled AUEW members whom they could persuade to become involved—if the expulsions went ahead.

This is one of the factors which union leaders must have taken into account from the beginning and some executive members were clearly calculating—in the belief that Mr. Fraser would get only a limited response to his strike call—that they would be able to face out another toolroom strike.

However, it became apparent that this brave view was not shared with unanimous confidence when the return to work deadline passed and the executive gave the strikers one last chance of appearing before the district committee, which they had previously refused to do. When the strikers went to this meeting the committee decided that honour was satisfied and lifted the expulsions—tactfully playing down the fact that the only reason they had been told to appear before the committee in the first place was because they were defying union instructions to return to work. The expulsions were lifted although the SU men gave no assurances that they would end their strike.

There was widespread relief that another devastating confrontation in BL had, at least temporarily, been avoided. But the strikers—who are now engaged in a dialogue with the executive over demands for assurances that their claim for pay parity with Rover workers will receive official union support—are still not back at work. On a wider plane it is bound to appear to AUEW members that the expulsions were withdrawn because of the threat of strike action by Mr. Fraser. The unofficial toolroom committee, it will seem, has been able to move the official leadership with the mere threat of strike action.

If the unofficial committee emerges with its powder dry, having not had to put to the test its ability to call another strike, it is a threat which it will be able to use again in the future. The official leadership—or so it will seem to many members—deliberately seized an opportunity to assert its authority over an unofficial group only to draw back in the face of threats which it must have known would be coming.

The strike at BL's Bathgate truck plant near Edinburgh, which ended last week, was undoubtedly one factor in the AUEW leadership's apparent second thoughts about taking tough action against the toolmakers. Expelling 32 men was on a different scale to disciplining 1,500—but the logic of expelling the toolmakers might have led the union in this direction if the Bathgate strike had continued.

However, the main lesson of recent weeks appears to be that a violent fight within the ranks of the AUEW may not be the best way of ridding the union of the problem presented by the toolmakers. They are angry with the union because they feel that the particular needs and problems of skilled men do not command sufficient attention from the leadership. But the leadership cannot simply campaign on behalf of skilled workers to the exclusion of all other interests because the AUEW is no longer a pure craft organisation undiluted by unskilled and semi-skilled workers.

BL toolmakers demonstrating at Longbridge Terry Kirk

It has long been the AUEW's ambition to create a single union for the engineering industry. The case for industrial unionism was spelt out again recently in an interview by Mr. Bob Wright, assistant general secretary and defeated left-wing candidate for the presidency.

He pointed out that the AUEW has 200,000 members outside its traditional base in the engineering and shipbuilding industries and suggested some form of trade-off, with these members going to appropriate unions in their own industries. It should not be insurmountable, thought Mr. Wright, to talk to general unions about the amalgamation of parts of their organisations.

The drawback is that the Transport and General Workers Union—the AUEW's big rival in the motor industry—cannot be regarded as a fringe organisation which would be willing to trade members to help the AUEW achieve its ambition of creating one union for the engineering industry. Since its amalgamation with the National Union of Vehicle Builders the TGWU, as well as representing the majority of manual workers in the car factories, has had a substantial skilled base of its own.

To restore itself as the "natural" skilled union in engineering the AUEW urgently needs to pull off a worthwhile amalgamation with one of the other unions to which it has made approaches. It is engaged in talks with the Electrical and Plumbing Trades Union and also looks in hope at other skilled workers' organisations like the Amalgamated Society of Boilermakers.

A merger with another craft union would not only revive confidence after the disappointment of the AUEW's failure to fuse its existing four sections into a fully-fledged amalgamation: the influx of another strong skilled group might help to overcome the feeling of men like the toolmakers that they are swamped by other interests.

Amalgamation talks with other unions are never made easier by the fact that the AUEW is organised on a geographical basis, unlike the industrial grouping of many other unions. The geographical organisation is central to the AUEW's highly-refined system of internal democracy. But a move to industrial organisation—which would almost certainly be necessary to provide any chance of a merger with the EPTU—would meet some of the objections of groups like the toolmakers who demand more autonomy to bargain at company level.

Completing the amalgamation of the AUEW's existing four sections—particularly with TASS, the Communist-led white collar staff section—is another problem. It has been widely supposed that one of the consequences of Mr. Duffy's election to the presidency might well be a drive to get TASS out of the amalgamation. Such a move would, however, involve a battle at least as fierce as the one with the toolmakers.

The latest struggle with the toolmakers has not come at a good moment for Mr. Duffy, who is now less than a month away from succeeding to the presidency. As Midlands executive member he identified himself very strongly with the district committee's decision to expel the 32 strikers, insisting that it was necessary to protect thousands of jobs in BL and supplier companies. He even went so far as to hint that further expulsions among the toolroom committee might be forthcoming. If members now interpret the lifting of the expulsions as a climb-down or defeat for the executive the new president is bound to be personally identified with it.

Mr. John Boyd, in the three years since he became general secretary, has worked hard to put the AUEW's administration and financial structure on a firmer footing. It now falls to his close political contemporary, Mr. Duffy, to try to reassure the toolmakers that they can trust the AUEW leadership and restore the union's self-confidence by progressing towards solving its amalgamation problems.

None of these tasks is easy in an organisation where, because of the periodic elections which all AUEW officials have to face, everyone tends to be judged by his political position. Mr. Boyd returned to the TUC General Council only this month having been removed three years ago in favour of Mr. Reg Birch, a Maoist, at a time when there was stronger left-wing influence on the union's executive.

But Mr. Boyd and his colleagues who now command the executive did not go all the way and replace Mr. Birch with a man of their own political complexion. It is a minor point, but it may be some slight sign—like the lifting of the expulsions on the toolmakers—that in an organisation built around deep industrial and political divisions there has to be room for reconciliation.

AKTIESELSKABET
KJØBENHAVNS HANDELSBANK
(COPENHAGEN HANDELSBANK A/S)
COPENHAGEN

Copenhagen Handelsbank made a profit - before value adjustment of the securities portfolio and before tax - of Kr. 180 million, which is an improvement of Kr. 35 million on the profit of Kr. 145 million for the corresponding period last year.

The improvement is mainly attributable to shifts in the pattern of earnings arising from the following significant changes in the composition of the balance sheet:

Considerable growth in loans and advances.
Stagnation in growth of deposits.
Reduction and modification of the securities portfolio.
Increase in loans from the Central Bank, etc.

Net income from interest and commission rose by Kr. 74 million to Kr. 538 million, and other income rose by Kr. 24 million to Kr. 127 million.

Total operating costs and depreciations rose by Kr. 63 million to Kr. 485 million as compared with the first half of 1977.

AKTIESELSKABET
KJØBENHAVNS HANDELSBANK
(COPENHAGEN HANDELSBANK A/S)

W.G. ALLEN

Group Results	Year to 31st March 1978	Year to 31st March 1977
Turnover	6,997	6,277
Profit before Taxation	496	627
Profit after Taxation	428	452
Earnings per ordinary share before deduction of extraordinary items	12.70p	13.44p
Dividend per ordinary share	2.83p	2.56p

Additional points made by the Chairman:

★ *Group turnover amounted to approximately £7 million as compared with just under £6.3 million for the previous year and pre-tax profits amounted to £496,000 as compared with £627,000. Nevertheless, despite problems, Tipton held its share of a declining market for steel hot water boilers and increased its share of the growing market for steam boilers. Exports again increased.*

★ *Once again the Board is recommending the maximum dividend which it is permitted to pay. A capitalisation issue of one new ordinary share for every nine existing ordinary shares is also recommended.*

★ *The Group has got off to a good start in the current year. Sales for the first three months of the year have amounted to approximately £2 million, against £1.5 million last year.*

Manufacturers of Fabrications and Engineering Products, Industrial and Domestic Boilers, Air Heating Equipment, Pallet Transfer Systems, Conveyors, Lifts and Mechanical Handling Equipment, Control Systems and Panels.

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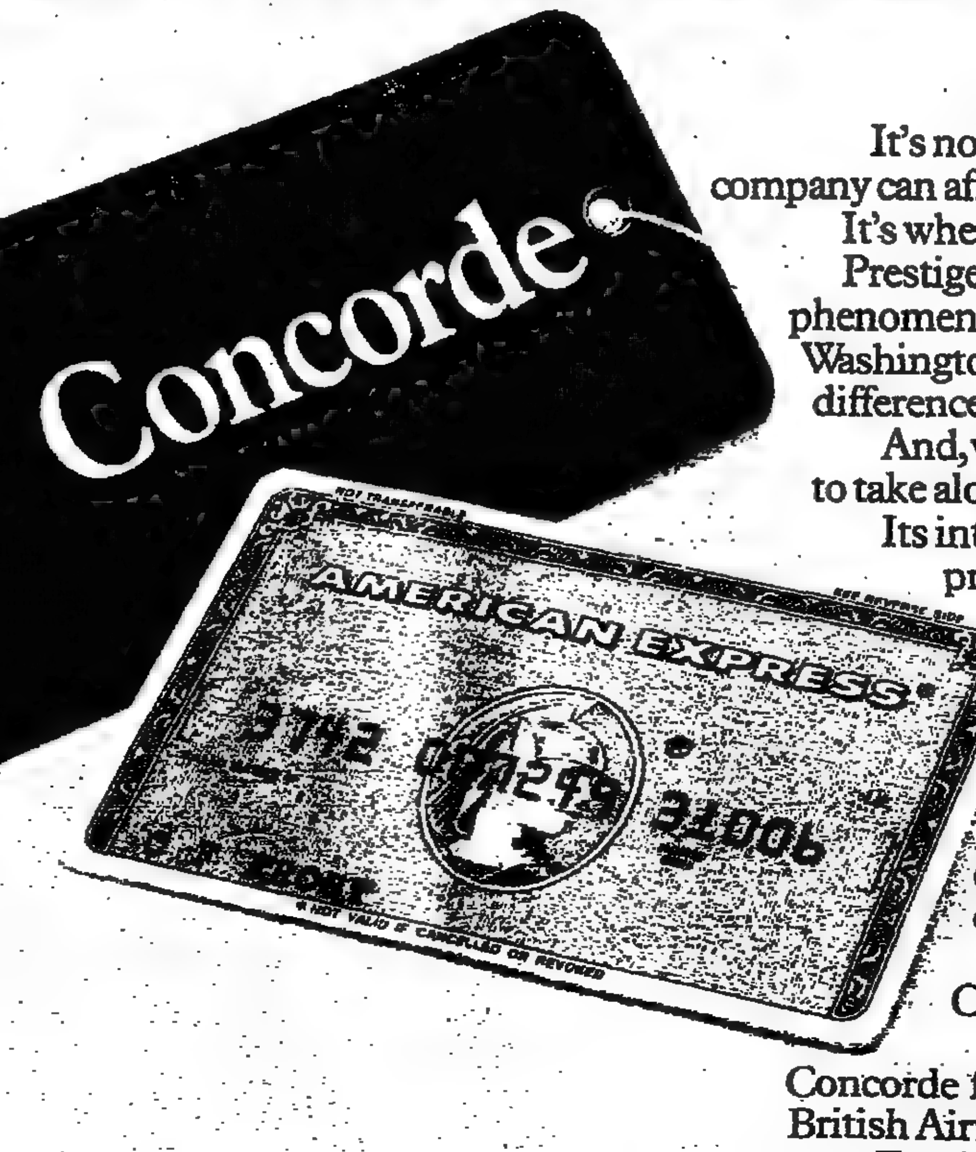

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BIDS AND DEALS

Johnson Firth Brown wins control of Weston Evans

Johnson Firth Brown has won its battle for control of Lancashire engineering concern Weston Evans—but only just.

The Sheffield steel group's bid went unconditional yesterday after JFB bought a further block of Weston shares to take its holding to just above 32 per cent.

However, to acquire the shares—representing a 3.8 per cent stake—JFB had to pay 165½p a share. Under City Takeover rules the group must now make an equivalent offer to all other shareholders.

To meet this JFB is raising the cash element of its original offer by 3.3p a share. The new offer values Weston at around £8.0m—with JFB shares standing at 73p last night.

Weston shareholders are now being offered 23 JFB shares plus £16.26 for every 20 Weston shares. The total cash element is increased by £150,000.

A major stumbling block to JFB's ambitions has been the opposition to its offer from Birmingham and Midland Counties Trust which holds a 42½ per cent stake in Weston.

BMCT is jointly owned by Mr. Graham Ferguson Lacey and Mr. Cecil McBride—both directors of Weston—but neither were available to comment yesterday on whether they now intend to accept JFB's new offer.

Other directors of Weston have supported the JFB as have the company's merchant bank advisors, Barclays.

BMCT has also made an offer for Weston valuing the company at £6.7m. The bid was triggered under City Take-over rules after BMCT increased its stake above the 30 per cent level.

Mr. Phillip Ling, JFB's general manager, said last night that he was pleased that Weston was now a subsidiary of the group but that it now remained up to Mr. Lacey to decide whether to accept the bid terms.

JAMAICA SUGAR

Jamaica Sugar Estates yesterday announced that its protracted negotiations with National Sugar Co have now culminated in an agreement providing, subject to the fulfilment of certain conditions, for the sale to NSC of JSE's sugar interests.

PETER PAN BID TALKS FAIL

Shares of Peter Pan which have risen sharply in recent weeks on bid speculation fell back 10 to 30p yesterday on news that an anticipated offer for the Belfast based group will not now take place.

The group said that the discussion it had been having with another company had not resulted in an offer. When news of the discussions was announced last month Peter Pan's shares stood at 30p.

SECURON

Securon Manufacturing, the Middlesex-based seat belt and child safety gear manufacturer, has acquired *London Bankside Products*, the electrical equipment and Solar mirror manufacturer, for around £400,000 cash.

SHARE STAKES

Negretti and Zambra: As at September 7 the National Enterprise Board became interested in 960,000 deferred ordinary shares, 20.82 per cent of the ordinary capital.

Best and May: Lygon Securities is now interested in a total of 442,300 ordinary shares.

London and Holyrood Trust: Standard Life Assurance purchased 15,000 shares bringing the total holding to 2.33m shares, 10.7 per cent.

Wadham Stringer: Mr. F. C. Stringer, director, has sold 50,000 ordinary shares.

Chubb and Son: The Kuwait Investment Office has exercised its rights in respect of 1,131,250 ordinary shares making total interest 5,656,250 shares.

Caird (Dundee): Mr. E. Cuthbert has disposed of 40,000 ordinary shares.

Hepworth Ceramic Holdings: Mr. O. H. Smith, director, has reduced his beneficial holding by the sale of 58,828 ordinary shares at 94½p on September 7. Following this sale Mr. Smith's remaining interest is 20,000 ordinary shares.

Grange Trust: Courtaulds Pensions Common Investment Fund is now interested in 630,000 ordinary shares, 6.5 per cent.

Cowan de Groot: Disposals by Mr. E. A. de Groot and Mr. I. Williams, should have read preference shares and not ordinary as reported.

COMPTON WEBB FORECASTS £2M

The directors of Compton Webb the uniform manufacturer, on the receiving end of an £11.9m bid from Courtaulds are forecasting pre-tax profits of approximately £2m in the current year—despite a profits setback in the first half.

The forecast, contained in an offer document sent to shareholders yesterday, was one of the conditions attached to the Courtaulds offer of four of its shares for every seven Compton shares.

Courtaulds had asked for a forecast of profits of not less than £2m for the current year before it would proceed with the bid.

In the first half of this year, Compton's pre-tax profits fell from £864,000 to £684,000 despite an increase in turnover from £9.7m to £11.1m.

However, in a letter to shareholders Lord Chelwood, Compton's chairman, says that company activity had now improved appreciably and, in particular, efforts in the export field were bearing fruit.

He said that he believed the company would hold its own in 1978 and long term prospects were encouraging. The £2m profits forecast compares with last year's £1.8m pre-tax profit.

Compton has declared an interim dividend of 0.44p a share—an increase of 10 per cent.

GOLDREI FOUCARD

The expected announcement of a bid for food manufacturers Goldrei Foucard may be only a few days away. Earlier this month the group revealed that it was in bid talks and yesterday Goldrei's shares were suspended at 78p pending a further announcement.

At the suspension price the group, which supplies the bakery and catering trades, is valued at £1.8m.

In the year to March 25, 1978, Goldrei earned pre-tax profits of £453,000 on sales of £9.2m. Group net assets at that date were valued at *70½p a share*.

ASSOCIATES DEALS

Albert E. Sharp and Co., brokers associated with Peerage of Birmingham, sold 730 Peerage at 63p on behalf of an employee of Sharp.

Hill Samuel and Co. sold 400

CHANNEL ISLANDS AND INTERNATIONAL INVESTMENT TRUST LIMITED

25th September, 1978 37 Broad Street, Jersey

Half-Yearly Statement

The unaudited accounts of the Company as at 30th June, 1978 show the following results:

	1978 £	1977 £
Gross Revenue of the Company	109,011	79,776
Less: Management and other expenses absorbed	16,479	18,999
	92,532	60,777
Dealing profit of subsidiary company	3,726	2,656
	96,258	63,433
Less: Provision for Jersey taxation	19,252	12,687
Balance carried forward	£77,006	£50,746

The consolidated net assets of the Company attributable to the capital shareholders, including investments at market value on 30th June, 1978, amounted to £3,975,383 (1977 – £3,148,169) equivalent to 795.077p (1977 – 629.634p) per £1 capital share.

Market values of foreign currency securities include the full investment currency premium.

Save & Prosper (Jersey) Limited
Secretaries.

Upturn at Sizewell European

For the year ended July 31, 1978, revenue, before tax, of the Sizewell European Investment Trust increased from £237,604 to £288,132 and net revenue was higher at £136,372 compared with £144,624 previously.

First half net revenue had improved from £18,230 to £22,261 but the directors warned that net revenue for the year might show some reduction reflecting a fall in sterling interest rates.

The dividend for the year is lifted from 1.5p to 1.8p per 10p share absorbing £144,000 (£120,000). Earnings per share are shown at *1.85p (1.51p)*.

	Year 1977-78 £	1976-77 £
Gross revenue*	700,307	693,020
Expenses†	412,273	455,416
Revenue before tax	288,132	237,604
Overseas tax relief	30,371	27,370
Tax	131,780	112,980
Net revenue	136,372	144,624

* Including interest receivable £44,766 (£18,064). † Including interest payable £346,799 (£372,823).

Net assets at July 31, 1978 amounted to £8.66m (£7.27m) equivalent to 108.2p per share (90.9p) including 100 per cent of the investment currency premium.

At July 31, 1978 the value of the assets acquired with foreign currency loans exceeded the value of those loans, and the surplus has been accounted for in investment currency.

McLEOD RUSSEL

"Record profits in year to 31st March, 1978"

reports Sir John Brown, the Chairman

- 1977 was a remarkable year for the tea industry and produced record profits for the Group. Board welcomes recent reduction in Indian export duty on tea both in short and longer term.
- Due to increased shipments to London, warehousing had a record year while packaging produced substantially improved results.
- Property dealing yielded a very satisfactory profit while investment gains were substantial.
- Associate company in India performed very satisfactorily. Indian reorganisation successfully completed subject to settlement of taxation issues.
- Current year's profits will be lower but should still be satisfactory.

COMPARATIVE RESULTS	1976	1977	1978
	£000's	£000's	£000's
Group profit before taxation	2,401	5,782	8,421
Group profit after taxation	900	1,799	2,278
Shareholders' funds at 31st March	11,348	12,762	15,689
	p.	p.	p.
Earnings per ordinary share	34.99	38.41	46.21
Dividend per ordinary share	6.46	10.00	13.50
Net assets per ordinary share	281.79	316.90	382.58

Copies of the Report and Accounts are available on application from the Secretary at Victoria House, Vernon Place, London WC1B 4DH.

MINING NEWS

Australia has uranium contract problems

BY PAUL CHEESERIGHT

AUSTRALIAN GOVERNMENT concern at the delays in starting construction of the Ranger uranium project in the Northern Territory came to the surface yesterday when Mr. Douglas Anthony, the Deputy Prime Minister, said that new uranium mines will have to be brought to production in order to meet existing export contracts.

No contracts have been signed by potential Australian producers since 1972, but there are commitments to provide 11,700 tonnes of uranium oxide from Ranger and the Nabarlek deposit to customers in Japan, the U.S. and Western Europe by 1989.

Mr. Anthony was speaking in Parliament in response to a question about the implications *of a delay to the Ranger project*.

The prospects for a start to construction at Ranger this year have diminished sharply because the Northern Land Council, representing Aboriginal interests, is holding further discussions about a draft agreement reached with the Government. This covers royalty payments and environmental conditions for Ranger's operations but has not proved universally acceptable to local Aboriginals.

Existing contracts have so far been met from the Government stockpile and from Mary Kathleen, the financially troubled Rio Tinto-Zinc unit which is at present Australia's only operating uranium mine.

Mr. Anthony said that the quantities available from these two sources were not adequate and other mines will have to start.

The first to come to production is likely to be Nabarlek, owned by Queensland Mines, a small operation with a need for about 18 months of preparation. The Ranger partners are Peko-Wallsend and EZ Industries.

In order to continue supplies, Mr. Anthony said, the Government might have to take some intermediary steps. What these might be he did not specify, but in 1976 Mary Kathleen borrowed uranium from the UK stockpile to meet its obligations.

Last March, Mr. Anthony also expressed concern about Australia's ability to meet its export contracts, pointing out that the supply position would become serious in 1981-82 and that there was a shortage of 3,000 tonnes if existing contracts were to be met.

Yesterday's statement, however, served to emphasise the Government's determination to start the exploitation of the rich deposits of the Northern Territory as soon as possible. The immediate effect was to implant some firmness in the share prices of uranium stocks, checking the falling trend which has been evident since the Northern Land Council announced its need for further discussions.

Peko-Wallsend gained 21 to 529p in London yesterday, while Pancontinental, the holder of the Jabiluka deposit, moved up £1 to £11¼. EZ Industries, despite the sharp reversal in its fortunes revealed in its annual figures, were steady at 260p.

GFSA confident on dividends

THERE IS a good prospect of shareholders in Gold Fields of South Africa receiving higher dividends in the current financial year, even if the gold price settles at a lower level than that prevailing at present.

This forecast is made today by Mr. A. Louw, the chairman, in his annual statement. At the same time, he adds, there will be enough funds to allow "for adequate retentions to provide for the further development of the group."

In the year to last June, GFSA, which is 46 per cent owned by Consolidated Gold Fields, made payments of 135 cents a share and earned net profits of R40.8m (£23.8m). Gold mining companies provided 90 per cent of the income, and as the average price they received at $172 an ounce is some $45 less than the current market level, Mr. Louw's optimism is scarcely surprising.

While conceding that the level *of speculative interest in the* bullion market may be higher than generally desirable, he remains confident "of a continuing improvement in the price of gold in real terms."

What he is less happy about is the level of taxation imposed by the South African Government on gold mining companies. With payments absorbing up to 75 per cent of incremental profits, he argues in his statement that the taxes are highly discriminatory.

After-tax profits are the main source of funds for financing new projects. "It is a matter of considerable concern that the penal rate of taxation on gold mines imposes severe restrictions on such funds. This cannot be conducive to the mining industry fulfilling its major role in maintaining and increasing the country's foreign exchange earnings," Mr. Louw states.

In London yesterday GFSA shares were ¼ lower at £13¾, while those of Consolidated Gold Fields were unchanged at 184p.

Japan seeks S. African coal

THE South African coal industry, which is at present selling over 1m tons of coking coal annually to Japanese steel mills, is engaged in negotiations for the sale of low grade steam coal to a new thermal power station which is being built at Matsushima, south of Tokyo, reports Richard Rolfe from Johannesburg.

The Japan Electric Power Development Company said it was talking to two South African groups with a view to obtaining 300,000 tons of steam coal per year from each of them.

On the basis of about $22 per ton fob Richards Bay, the new coal export terminal on the Natal coast, the contracts would be worth over $13m (£6.6m) per year in total from 1983, when *deliveries are scheduled to begin*.

Mr. Richard Bird, the managing director of the Transvaal Coal Owners Association, said that one contract would be with the traditional export collieries: SA Coal Estates in the Amcoal Group: Apex, which is a Gold Fields Group colliery, and Van Dyck's Drift, in the Barlow Rand Group.

Coal industry sources indicated that the other contract would be with Ermelo Mines, in which General Mining's Trans Natal, BP *Coal and Total hold a third each.*

The coal will be exported under South Africa's Phase Two plans if negotiations are successful. These call for a rise to 30m tons of coal exports annually by mid-1979.

At present the industry is involved in feasibility studies to determine whether there should be a Phase Three and if so at what rate, with export potential of 32m-40m tons anually indicated by the mid-1980s.

But a Phase Three decision depends on contracts being signed and the significance of the current talks in Japan is that they could pave the way for increased *supplies over the next few years.*

Bellambi wins Vietnam order

BELLAMBI COAL, the Australian producer in the Gold Fields group has clinched a deal to supply three spot cargoes of coking coal to Vietnam. This could lead to a large three year agreement.

The spot shipments will total about 30,000 tonnes, worth about $A1.3m (£879,060), and follow two trial cargoes shipped to Vietnam in the past two years.

The Vietnamese Government invited a Bellambi delegation to visit Hanoi to negotiate a three year contract for a "substantial" amount, Mr. A. G. Copeman, the chairman, said at the annual meeting in Sydney yesterday.

Bellambi will be the first Australian producer to supply Vietnam with coal.

Mr. Copeman said sales to South Korea and Taiwan rose strongly in the past year while a team of executives was in Mexico to *negotiate shipments and would* examine the potential of the Brazilian market.

The emergence of China as a major trading nation was having a significant impact on the prospects for recovery in the Asian region, he added. Bellambi aimed to tender for the supply of coal for the proposed Shanghai steelworks.

Earning slump at E Z Inds

EZ INDUSTRIES, the Australian zinc refining and base metals mining group, suffered a dramatic reversal in fortunes during the year to last June, reports James Forth from Sydney.

The group incurred a pre-tax loss of A$1.02m (£508,170) compared with a profit of A$20.1m in 1976-77. A tax credit of A$1.38m enabled EZ to post a net profit for the year of A$381,000 compared with A$11.36m in the previous year.

But this was still a long way short of covering the A$2.32m needed to service the sharply reduced dividend of 3 cents a share.

The trading results reflected *the slump in the world zinc price*, which led to acute competition and discounting. The appreciation of the Australian dollar against the U.S. dollar further reduced revenue returns.

Group turnover fell from A$152m to A$141m. However, EZ directors said trading conditions were much better in the second half year, enabling some reduction in stocks. Zinc production had increased to meet higher sales and some benefit had been received from an increase in the producer price.

In London yesterday the shares were unchanged at 260p.

JAMAICAN DEAL FOR ALCAN

Alcan is selling to the Jamaican Government 7 per cent of its bauxite mining and refining assets for $4.4m (£2.22m) and all its Jamaican mineral properties for a further $7.5m (£3.79m), reports Robert Gibbens from Montreal.

The effect of the arrangement is to create a new joint venture, Jamaican, 93 per cent owned by the company, which will take over all Alcan's present Jamaican operations. The joint venture will hold a mining lease for 40 years.

The Government will be entitled to 7 per cent of annual alumina production. The alumina will be converted to ingot and sold for the Government by Alcan. The royalty on the bauxite mined will be 31 cents a ton and there is a production levy covering the *years to 1983 of 7.5 per cent of* the average realised price of ingot.

SLN RECORDS HEAVY LOSS

Reflecting the lengthy depression on the international nickel market, Societe Le Nickel, the French producer owned by Imetal and Elf-Aquitaine, yesterday announced a 1978 first-half loss of FFr 229m (£26.4m), compared with a net profit of FFr 14.2m in the same period of last year.

The value of first-half sales dropped to FFr 430.7m from FFr 775.8m in the comparable period owing to lower price levels and two months of strikes at the mines in New Caledonia. At the same time the group was hit by the fall in the value of the dollar.

SLN has introduced measures to reduce production and cut overheads. A statement said that these steps, added to the launching of new products will gradually bear fruit.

Schlesinger Intl. lower

Income of Schlesinger International Fund (Jersey) fell from £88,558 to £58,261 for the year to March 3, 1978, after tax of £11,700, against £17,712.

The gross final dividend on 1p participating redeemable preference shares is held at 2p for a total again at 3.5p. Also an interim of 1.5p has been declared for 1978/79.

ISSUE NEWS

Yearlings up to $10\frac{1}{8}$%

The coupon on this week's batch of yearling bonds has risen from 10 to 10⅛ per cent. The bonds are issued at par and due on October 3, 1979. The issues are: North Wolds Borough Council (£½m), North Tyneside Metropolitan Borough Council (£½m), Wiltshire County Council (£1m), North Hertfordshire District Council (£½m), Lancaster City Council (£1m), City of Edinburgh District Council (£1½m), London Borough of Lambeth (£1m), City of Leeds (£½m), City of Liverpool (£1m), Cleethorpes Borough Council (£½m), Newport Borough Council (£½m), Preston Borough Council (£½m), City of Salfords (£½m), Darlington Borough Council (£1m), Strathclyde Regional Council (£½m), London Borough of Waltham Forest is issuing £½m, 11⅛ per cent bonds due September 22, 1982 at par.

Five year variable rate bonds issued at £99½ per cent maturing on September 21 1983 at a margin of 1 per cent over six months LIBOR are: London Borough of Harrow (£½m), Rossendale Borough Council (£½m), and East Hertfordshire District Council (£½m).

RIGHTS RESULTS

The Chubb and Son offer of 12,143,704 ordinary shares at 118p per share received applications in respect of 11,283,215 new shares (92.9 per cent). The balance has been sold for the benefit of entitled holders.

The BTR issue of 8,750,135 ordinary shares by way of rights attracted applications for 8,161,691 shares (93.28 per cent).

WATER TENDER

The offer for sale by tender of £5m Bristol Waterworks Company 7 per cent redeemable preference stock 1983 attracted applications for £6,130,300 of stock. The lowest price to receive a partial allotment was £97.55—the average price obtained was £97.659.

Brokers to the issue were Seymour Pierce and Co. and Hoare Govett. Dealings start today.

Brasway recovery on target—pays 1p

Recovery continued for Brasway in the second half of the year to April 29, 1978, with an upturn from a pre-tax loss of £505,146, to a surplus of £121,590, leaving the outcome at full-time a profit of £213,991 against a deficit of £549,576. Sales for the 12 months were £4.68m lower at £12.34m.

At half-time, when there was a profit of £91,401 (£44,430 loss), *the directors said there was little* doubt that the £200,000 profit target would be achieved. The company was certainly over the worst and well on the way to complete recovery, they said.

Mr. R. A. Swaby, the chairman, now states that in view of the turn round, with the promise of better things to come, the company is to pay a 1p net final per 10p share. Last time there was only an interim payment of 0.5p.

The group has been concentrated into two large divisions—scrap processing and tube production. In both these areas he can seen substantial scope for profit growth.

Mr. Swaby says he will make a profit forecast at the annual meet*ing in October, which will*, he feels, go some way to redress the balance of the company's earlier misfortunes.

Mid-term earnings per 10p share were 9.53p (loss 26.85p).

At year end net liquid funds were down £11,415 (up £780,203) and there were net current assets of £254,035 (liabilities £54,570).

The group's waste disposal tip lease at Shrewsbury was sold recently to the local council and it is now completely divorced from that type of business. There will be a small terminal loss on the sale but this will make virtually no impact on the results for the current full year, Mr. Swaby says.

The company's fortunes in scrap processing have moved forward dramatically. It is exporting a considerable tonnage of processed material and strengthened its connection in the home market. Demand for the higher grades of scrap continues to improve and the company is being hard pressed to step up tonnages. In an attempt to take full advantage of growing steel works contacts certain items of plant are being replaced which will appreciably enhance handling and processing capacity.

During November a large baling press will be installed at Wednesbury, capable of producing 40 tonnes per hour and at about the same time a hydraulic shear will be installed at Cardiff. The existing baling press and shears are to be sold.

The tube division enjoyed a most successful year of trading. Projected sales figures for the current year are most exciting, Mr. Swaby says. The new mill should be fully operational by the end of this year and in addition the company is purchasing a tube-cutting machine which, although expensive, is generally considered to be the best in the world. It will enable the group to keep up with anticipated demand.

OEM sees over £2m for year

THE DIRECTORS of Office and Electronic Machines expect that turnover and profit for the full 1978 year will show a similar improvement as reflected in the results for the first half—turnover was ahead from £8.31m to £10.27m and taxable profits advanced to £1m against £0.81m last time. Profit obtained for 1977 was £1.93m.

After tax £0.53m (£0.43m) earnings are shown as 7.72p per 25p share compared with 6.12p and the interim dividend is lifted to 1.406p (1.278p) net—last year's final was 2.8p. Also announced is an additional 0.04289p for 1977 on the reduction in ACT.

The balance retained emerged at £0.38m against £0.29m.

• comment

Pre-tax profits and sales of Office and Electronic Machines have both increased by almost one quarter. According to the company price rises only account for about 6 per cent of this, clearly showing the renewed strength of this sector. Major capital investment may well be flat but it seems businessmen cannot postpone for too long the replacement of their office equipment. Profits have been helped since March by the introduction of the new TA 20 Compact while the SE 2000 — a new automatic typewriter — will be on the market in the next couple of months. Meanwhile the company is still finding demand particularly strong for electric typewriters though competition is tough. With much of the company's product range imported from Germany, the strength of the mark against sterling is a further threat to margins. However, full year profits of around £2.4m look possible which puts the shares on a prospective p/e of 7.2 and a yield of just over five per cent. Takeover speculation is not new but this gives the shares at 131p a little extra appeal.

NORWEST HOLST

The offer by Norwest Holst to acquire for cancellation the whole of the outstanding £1,867,621 7 per cent convertible unsecured loan stock 1984 closed with acceptances for £1,479,748.

The IDC Group Limited

the international designers and constructors

INTERIM STATEMENT OF THE CHAIRMAN, MR. HOWARD HICKS

The unaudited profits for the half year ended 30 April 1978, before charging Corporation Tax, amounted to £428,551 (1977: £191,455). Following the disappointing results of 1977. I am pleased that I am able to confirm that the results for the full year will show the substantial recovery that I forecast in my last statement.

All activities in the group are extremely busy, both at home and overseas. The results that can be anticipated for the following years should continue in an upward trend.

The Group's liquidity is very satisfactory.

An interim dividend of 11.96% (1977: 10.87%) has been declared in respect of the year ending 31 October, 1978: this dividend will be paid to shareholders on 31 October 1978.

My wife and I continue to waive the dividends due to us.

	Half Year to 30 April 1978 £	Half Year to 30 April 1977 £
Turnover	13,330,591	9,570,411
Profit before Tax	428,551	191,455
Taxation Provided	222,560	99,500
Profit after Tax	205,991	91,955
Interim Dividend Declared	11.96%	10.87%
Amount absorbed by this Dividend	41,208	37,050

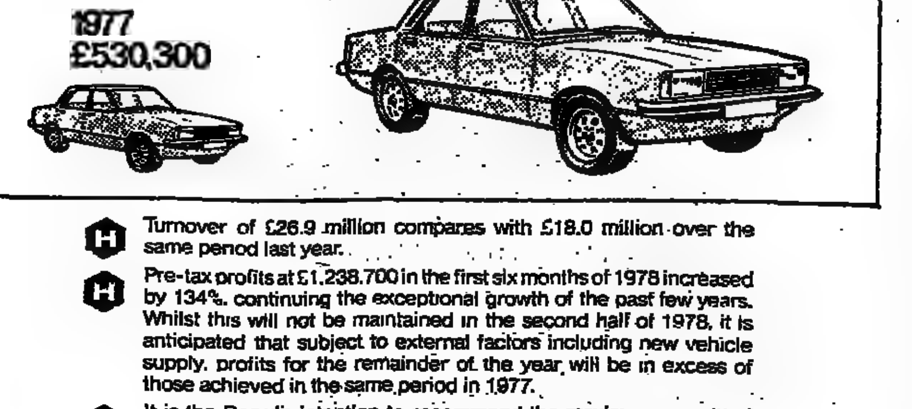
Interim Results from Hanger

Hanger Investments specialises in the sale and servicing of the full range of passenger cars and commercial vehicles, as one of the largest Ford main dealer groups in the country. Interleasing, the Group's leasing and contract hire operation, specialises in both short term and long term rental of all makes of vehicles; it is one of the leaders in this field in the UK.

Profit before taxation.
to 30th June

1978
£1,238,700

1977
£530,300



- Turnover of £26.9 million compares with £18.0 million over the same period last year.
- Pre-tax profits at £1,238,700 in the first six months of 1978 increased by 134%, continuing the exceptional growth of the past few years. Whilst this will not be maintained in the second half of 1978, it is anticipated that subject to external factors including new vehicle supply, profits for the remainder of the year will be in excess of those achieved in the same period in 1977.
- It is the Board's intention to recommend the maximum permitted dividend at the year end, assuming current restraints continue.

For a copy of the full report, please write to the Secretary.

Hanger Investments Ltd.
Dilworth House, 190 Broad Street, Birmingham B15 1EA.

Procter & Gamble back to growth but margins tight

A RETURN to growth was achieved by Procter and Gamble, a wholly owned subsidiary of Procter and Gamble Company, U.S., in the year to June 30, 1978. After two years of stagnation, pre-tax profit moved ahead from £8m to £10.62m on net sales of £158.66m against £163.02m.

"The improvement in profit was very much needed. There was, however, only a small improvement in profit margin, and at 2.7 per cent of turnover this remains unsatisfactory in relation to investment requirements to support the growth of the business," the directors say.

The advance was attained through intensive cost consciousness which stimulated successful methods change, and increased productivity through the business, they explain.

Depreciation was higher at £1.92m (£1.8m) while interest on bank and other loans was lower at £835,000 (£1.15m) and the cost of hiring plant and machinery was held at £1.07m (£1.02m).

The net surplus emerged at £5.03m (£3.91m) after tax of £5.59m (£4.09m). Dividends amounted to £4.1m (£3.1m).

Net liquid funds at year end were up £5.39m with bank loans and overdrafts at £9.26m and cash bank balances and short term deposits at £5.97m.

The unspent balance of authorised capital spending for the year, after deducting Government grants, amounted to £2.78m (£2.6m). Against this contracts totalling £336,000 (£328,000) had been entered at year end for which no provision is included in the accounts.

The company's activities include the manufacture of household detergents, industrial cleaning products, food additives, and industrial chemicals.

	1978 £000	1977 £000
Net sales	158,634	163,015
Depreciation	1,924	1,797
Directors' remun.	493	436
Interest paid	835	1,151
Cost of hiring†	1,069	1,022
Auditors' fee	21	22
Interest received	132	20
Pre-tax profit	10,619	8,002
Tax	5,585	4,090
Net profit	5,034	3,912
Brought forward	10,542	9,730
Dividends	4,100	3,100
Retained	11,476	10,542

† Plant and machinery.

Davy Intl. to spend £13m

Davy International's merger with the U.S. company McKee Corporation will, if accepted by shareholders in McKee, greatly enhance the firm's ability to undertake very large contracting projects, Sir John Buckley, chairman, told the AGM.

He said the two companies were entirely complementary and that Davy had been anxious to seize the chance of absorbing McKee. Davy is offering $33 a share, a total $140m, for McKee.

Davy is unable to comment in detail on its plans for McKee until the merger has been finalised, but Sir John said McKee's present relatively light workload reflected a cyclical downturn in the contracting industry and some difficulty with delayed contracts, and was not seen as a serious problem by Davy.

Davy itself plans capital expenditure of £13m this year after £9m in 1977-78 and £7m in 1976-77. China and Korea are seen as particularly promising markets.

An EGM approved an increase in Davy's authorised capital to £25m from £12m, a one-for-one scrip issue and a change in the company's name to Davy Corporation. Sir John said the company has no intention at present of issuing the surplus 24m authorised shares.

P. Bilton tops £3m at halfway

FROM INCREASED turnover of £16.25m, against £15.52m, profits before tax of Percy Bilton rose from £2.98m to £3.04m in the first half of 1978.

The interim dividend is lifted from 2.2275p to 2.26125p—the total in 1977 was 6.1765p from pre-tax profits of £5.63m.

After tax of £1.28m, against £1.36m, minorities of £10,000 (£16,090) and a transfer last time of £15,000 from capital reserve, available profits for the first half were £1.76m compared with £1.62m.

Activities of the group include property investment, development and civil engineering, etc.

● comment

Last year saw a £3.9m outflow of funds at Bilton, largely for development expenditure and tax payments; the resulting loss of interest received may explain why the first-half advance in investment and trading income is as modest as it is. Rent reviews should be boosting investment earnings and the group's private development building has been performing well, although contract housing is still something of a headache. The last two years have seen a significant fall-off in profits in the second half from the first but this pattern may not be repeated in 1978 and the full year pre-tax profit could be around £6m. There is some disagreement over the quality of Bilton's earnings and the asset backing for the shares, which at 165p, yield a prospective 5.5 per cent on a p/e of around 19 assuming a 40 per cent tax charge.

Norman Hay ahead

Pre-tax profits of Norman Hay, electro-plating engineering concern, rose from £218,000 to £318,000 for the first half of 1978 on turnover of £2.06m against £1.74m.

Mr. Norman Hay, the chairman, is confident that progress will continue for the rest of the year. Profit for the whole of 1977 was £582,000.

The attributable balance came out at £153,000 against £104,000 for the period, after tax £165,000 (£114,000), giving earnings of 3.825p (2.6p) per 10p share. Tax comprised of UK corporation tax £151,000 (£118,000) and a £14,000 transfer to equalisation account (£4,000 from).

The net interim dividend is increased from 1p to 1.5p net, costing £60,000—last year's final payment was 2p.

Watmoughs up 35% mid-term

ON TURNOVER up 29 per cent from £3.81m to £4.92m, pre-tax profits of Watmoughs (Holdings) expanded by 35 per cent from £300,000 to £405,000 for the first half of 1978.

The directors say that sales continue at a high level and, provided they can be maintained for the remainder of the year, 1978 will be another year of progress—for all of 1977 profit was a record £0.82m.

After tax of £211,000 against £156,000 earnings for the six months are shown as 5.59p (4.56p) per 25p share. The interim dividend is increased from an adjusted 0.674175p to 1.2p, in order to reduce disparity—last year's final payment was 2.9558p.

All subsidiaries achieved substantially higher sales throughout the first half. And the directors say that the continuing demand for the group's specialist production facilities in mail order, periodical, security, fine art printing and carton manufacturing, has justified the investment programme.

	Six months 1978 £000	Six months 1977 £000	Year 1977 £000
Turnover	4,924	2,907	8,221
Profit before tax	405	300	820
Tax	211	156	432
Net profit	194	144	388
Pref div.	1	1	2
Leaving	193	143	386

London Sumatra suspensions

London Sumatra, a member of the Harrisons and Crosfield plantations empire which fought off a £24m bid from McLeod-Sipef in the Spring, has suspended the two indigenous directors on the executive board of four in Sumatra.

The reasons given for the suspensions are a modernisation of the structure and standards of the management. "As businesses progress, some people don't always fit in with the changes," said Mr. F. Harper, executive director and former chairman of the main board in London. The company was being gradually reorganised and improvement being made in planning and programming. There was no suggestion of any irregularity, he said.

The suspensions will need to be approved by the Indonesian authorities before the two men, Mr. Agung Surosa and Mr. Krisnaputra Poha, technically leave the company. But they already take no further part in its running. They had both been with London Sumatra for over 15 years.

Their replacements on the local board are Mr. Saksono and Mr. Nugroho. Mr. Saksono is a very eminent figure in the plantations industry and was in the Indonesian foreign service, said Mr. Harper. Mr. Nugroho is a prominent lawyer in the Far East.

The replacements will be particularly useful to the company in its current negotiations with the Indonesian authorities, said Mr. Harper. London Sumatra has long been negotiating to obtain the agreement of the authorities that it has fulfilled its five-year investment plan promises made in 1969. Clearance was obtained for the two biggest subsidiaries in the spring but negotiations over the other six subsidiaries are continuing. The Indonesian authorities are believed to have become more keen to enforce the investment promises in recent years.

London Sumatra emphasised the amount of money spent on restoring and improving its plantations at the time of the bid from McLeod-Sipef. But some analysts believe that other groups operating there have maintained a higher rate of investment.

Mr. Harper said yesterday that no further commitments had been sought or given since the ones in 1969. But London Sumatra had a continuing moral obligation to improve the estates which were given back to the company after the Malaysian confrontation in the 60s. It would be a long haul, he said, as the estates had suffered severely during the confrontation.

Airsprung bounds 83% ahead

WITH EXCELLENT trading, compared with the depressed first half of last year Airsprung Group, bed maker, expanded taxable profit for the half year to July 1, 1978, by 83 per cent from £297,000 to £544,000.

The indications now are that the results for the whole year will comfortably exceed those for 1977, when the surplus was £817,000, Mr. John Wates, the chairman, forecasts.

Sales by the Trowbridge based group were ahead 41 per cent to £5.86m (£4.15m).

Tax took £288,000 (£158,000) leaving net profit at £256,000 (£139,000) for earnings per 10p share ahead to 5.1p (2.8p). The net interim dividend is lifted to 2.3p (1.4p) to equalise payments. The total payment for 1977 was 3.6p.

Decca bank borrowing over £31m

BANK LOANS and overdrafts at Decca were up £7.68m at £31.2m at the end of 1977/78 and funds showed a net outflow of £8.65m compared with an inflow of £2.32m.

Capital commitments totalled £1.3m (£1.93m) of which £311,000 (£936,000) had been authorised but not contracted.

As reported September 6, £10m has been released from deferred tax provisions and transferred to reserves which were higher at £51.33m (£39.89m).

Sales for the year to March 31, 1978 were marginally ahead from £181.4m to £186.3m, but pre-tax profit was down at £12.3m (£15.80m). The directors explained that higher costs throughout the group were not fully recovered in selling prices and the increased strength of sterling cut the profitability of exports which reached £59.4m.

At August 31 Kuwait Investment Office held 9.59 per cent of equity, Prudential Assurance Company 7.36 per cent, Sir Edward Lewis had a beneficial interest and, as trustee, in a total of 9.54 per cent and Dr. Jack Dimenstein 8.2 per cent.

Contribution to charity amounted to £25,000 and a further £5,000 was paid to British United Industrialists.

See Lex

Montague Boston

Though gross income was down from £292,300 to £268,600 at Montagu Boston Investment Trust for the half-year to July 31, 1978. Tax took £65,200 (£57,400) leaving the net revenue lower at £60,100 (£62,400).

After taking account of investment currency premium, net asset value was down at £6.52m (£7.08m) for a value per 10p share of 65p (70.75p) or 61p (40p) at middle market price.

The borrowing under a US$8m loan facility available until December 13, 1981 were reduced during the six months from $5.35m to $4.75m.

In January the company paid a dividend of 0.873p net for 1977-78 from revenue of £332,373.

	Half-year 1978 £	Half-year 1977 £
Gross income	268,600	292,300
Divs. and interest	236,600	278,500
Deposit interest	32,000	14,000
Expenses	29,500	31,500
Dollar loan interest	113,700	141,200
Revenue before tax	125,300	119,800
Tax	65,200	57,400
Net revenue	60,100	62,400

AB Electronic profit cut but outlook encouraging

FOLLOWING THE sharp fall from £380,815 to £154,825 at midway, the AB Electronic Products Group finished the year ended June 30, 1978, with pre-tax profits of £603,866 compared with £915,387 previously.

Growth and progress in the past year were overshadowed by the strike at the Welsh factories, the directors say. Unrest before the stoppage, lost output, and consequent uneconomic working to meet customers' urgent requirements all seriously affected profitability.

Group turnover increased by 20 per cent, exports by 37 per cent and sales abroad by 22 per cent. Capital expenditure was stepped up by 50 per cent. Sales to the consumer electronics sector were reduced to 18 per cent of the total.

Basic earnings per share are shown at 10p against 14.5p and 9.8p (14.1p) fully diluted. A final dividend of 3.63175p makes a maximum permitted total of 5.63175p compared with 5.04336p last year.

The UK tax charge at £223,677 (£355,333) is calculated at 52 per cent on chargeable profits and is sub-normal due to regional development grant credits of £106,467 (£106,408) which are not taxable. This will be a recurring feature in future years, the directors say.

They have continued the policy adopted last year and have decided that a provision for deferred tax is no longer required in view of the capital expenditure programme and anticipated stock levels.

The deferred tax release of £296,237 comprises £476,639 provided at June 30, 1977, £220,000 included in the charge for tax on the 1978 profits less £400,402 ACT which can no longer be regarded as recoverable against tax liabilities of the foreseeable future.

	Year 1977/78 £	Year 1976/77 £
Turnover	20,063,000	16,665,000
Trading profit	1,276,191	1,578,040
Depreciation	508,275	498,323
Interest paid	164,050	164,330
Profit before tax	603,866	915,387
UK tax	223,677	355,333
Foreign tax	46,639	78,340
Net profit	333,550	481,714
Dividends	167,394	167,516
Currency gain	52,857	116,664
Deferred tax release	296,237	232,000
Retained	486,250	464,562

As economy measures, the switch and controls manufacturing divisions were merged and certain products will be discontinued. This re-organisation was implemented at the beginning of the current year, but the cost of £80,000 was charged against profits for last year, when the decision was taken.

Future prospects for the group are encouraging the board states. The outlook for the group's highly competitive, labour intensive industry does however depend very much on moderation in wage negotiations, it is stated. Settlements will have a major bearing on future employment as it is imperative to earn acceptable profits.

Liquidity is satisfactory and the order position is good.

● comment

The main factor behind AB Electronic's one-third profits slump was the Phase 3 labour unrest at the Welsh factory, which probably cost the company at least £250,000. Being labour intensive, AB clearly needs a stable production environment in which to show profits growth, so the company is understandably anxious to avoid problems over Phase 4, which is in the process of being negotiated. However, in spite of the troubles, sales for the year were a fifth higher, thanks mainly to exports and overseas sales. The consumer electronics business was hit by lower home sales of audio and television equipment but this was more than offset by an upturn on the industrial electronics side (data processing, instrumentation, etc.). The merger of the switch and controls manufacturing divisions should reduce overheads in the current year. At 118p, the shares yield 7.3 per cent while the p/e of 11.4 needs a recovery to sustain the rating.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims—Alpine Holdings, Alva Investment, Jove Investment Trust, Legal and General Assurance, Manders, Thomson T-Line Caravans, Tootal, C. and W. Walker.

Finals—A. Beckman, Campari, Hunt and Moscrop (Middleton), Startrite Engineering, Throgmorton Secured Growth Trust.

FUTURE DATES

Interims—	
Ayrshire Metal Products	†Oct. 27
Beauford	Oct. 4
Berec	†Oct. 27
Blockleys	Sept. 29
Clive Discount	Oct. 5
Downs Surgical	Sept. 28
Edinburgh Investment Trust	Oct. 9
Freemans (London, S.W.9)	Oct. 9
Refuge Assurance	Sept. 28
Rockware	Oct. 4
Finals—	
Armstrong Equipment	†Oct. 3
Coronation Syndicate	Oct. 11
Glaxo	Oct. 9
Harrisons Malaysian Estates	Oct. 5
Ramar Textiles	Oct. 5
Sharpe (Charles)	Sept. 28
Strong and Fisher	Sept. 29
Tweefontein United Collieries	Oct. 11

† Amended.

Lonrho steel offshoots much improved

Dunford Hatfields and Brown Bailey Steels, the Lonrho steelmaking subsidiaries in Sheffield, taken over in a controversial deal 18 months ago will show much improved profit figures during the current half year, Mr. Derek Norton, chief executive, said yesterday.

He hinted at future expansion for the alloy steel group over the next few years which could include the development of a continuous casting mill and perhaps expansion into the assembly of highly specialised, non-public sector vehicles.

In his first statement since the £15.3m takeover of parent group Dunford and Elliott, Mr. Norton said that after substantial Lonrho reorganisation, the two steel firms were in a much healthier state. Compared to 1973, steelmaking operations were currently at 75-80 per cent capacity with forgings more subdued at about 60 per cent of capacity.

About 30 per cent of the steel produced was sold within the Lonrho group, he said. Since the takeover previous specialisation on alloy steels had been reversed and had expanded back into various carbon steel markets.

A new 100 tonne furnace was now a highly successful operation with the 30 per cent improvement in productivity. But Mr. Norton warned that the Ford strike, if prolonged, could have a most adverse effect on order books.

Hanger more than doubled

FIRST HALF 1978 taxable profits of Hanger Investments, Ford main dealer, more than doubled from £0.53m to £1.24m on turnover well ahead at £26.89m, against £18.02m. Profit for the whole of 1977 had risen from £0.5m to a record £1.23m.

Mr. P. D. Adams, the chairman, states that the exceptional growth in profits over the past few years will not be maintained in the second half. But, the directors anticipate that, subject to external factors outside their control and the supply of new vehicles, in particular Ford, profits for the rest of the year will be in excess of those for 1977.

First half results include four months' profit of Interleasing Truck Rental—formerly V.H. Self Drive—acquired as from March 1, 1978.

Net profit of Hanger was £1.15m (£0.24m) after tax equalisation £90,000 (£0.29m), represented by corporation tax deferred by the incidence of stock appreciation relief. It is considered that no corporation tax will be due for payment due to the availability of first year allowances.

	Six months 1978 £	Six months 1977 £
Turnover*	26,891,929	18,024,800
Trading surplus	3,058,060	1,672,800
Deduct†	1,819,360	1,142,500
Profit before tax	1,238,700	530,300
Tax	90,000	291,000
Net profit	1,148,700	239,300

* Represents external sales excluding VAT and includes income received from vehicle lease rentals. † Interest charges, directors' auditors' remuneration, depreciation and amortisation.

Sunlight Service Group

INTERIM REPORT

	Half Year 1978	Half Year 1977
Group Turnover	£6,977,614	£5,309,770
Group Profit	377,174	289,944
Taxation	196,130	150,770
Group Profit (after taxation)	181,044	139,174
Interim Dividend (proposed)	4.0130% actual	3.5937% actual
Amount absorbed	£38,655	£34,091
Pence per share	.4013	.35937

The unaudited results for the half year ended 1st July, 1978 are given above and show an increase in profits before tax from £289,944 to £377,174.

After a disappointing start our linen hire division improved significantly in the latter months of the period. All other divisions made a useful contribution to the increase in profitability.

The results for the current trading period are encouraging and the Board expect that profits for the year as a whole will show another satisfactory increase over those of the previous year and propose to pay an interim dividend on the Ordinary Shares of 5.9895% gross (4.0130% actual) on 30th October, 1978, an increase of 10% (the maximum permitted).

Benjamin Priest

"The Group has never been stronger in financial terms, in its spread of sound manufacturing interests and in its human skills."
Charles Wardle, Chairman

Highlights from the Annual Report for the year ended 31st March, 1978.

- Turnover £13,695,000–up 46%
- Pre-tax profit £1,303,000–up 30%
- Successful rights issue
- Acquisition of Blackheath Engineering Co. Ltd. and R. & A. G. Crossland Ltd.
- Progress made in each of the sub-groups.
- Further substantial investment in new plant and machinery.

BENJAMIN PRIEST & SONS (HOLDINGS) LIMITED
Cradley Heath, West Midlands

Manufacturers of fasteners, pressings, cold formed extrusions, industrial and commercial light fittings, plastic mouldings, and tube manipulation. Designers and manufacturers of materials handling and storage equipment.

GOLD FIELDS OF SOUTH AFRICA LIMITED

(Incorporated in the Republic of South Africa)

SALIENT FEATURES OF THE REVIEW BY THE CHAIRMAN, MR. A. LOUW, FOR THE YEAR ENDED 30 JUNE 1978

1977 R Million		1978 R Million
30,8	Income from investments	37,4
1,0	Surplus on realisation of investments	7,9
(10,0)	Amounts written off	(4,3)
(0,1)	Sundry items	(0,1)
21,7	Profit attributable to members	40,9
Cents per share		Cents per share
133	Earnings	251
110	Dividends	135
2 477	Net assets as valued	3 648

During the year the Group invested over R51 million in the equity of three major mining projects. The Group has short, medium and long-term facilities in excess of R81 million, of which some R46 million had been drawn at the year-end. Arrangements were made to finance the advance of R35 million as an interest-bearing deferred loan to the Black Mountain Mineral Development Company (Proprietary) Limited by drawing against term loan facilities but as a result of the better than expected results for the year under review it is considered that drawing against term loan facilities will be small and of short duration.

Gold

The gross profits of the producing gold mines administered by the Group exceeded R500 million for the first time in spite of a very substantial increase in working costs. The increase in working costs was attributable to the cost of additional staff and overtime to compensate for the effects of the eleven-shift fortnight, and more expensive stores and power.

Base metals and minerals

Final agreement was reached during the year with Phelps Dodge Corporation to acquire 51 per cent of the equity of the Black Mountain Company. That company's mine at Aggeneys in the North-Western Cape will produce lead concentrates with silver as a major by-product and zinc and copper concentrates as minor by-products. Satisfactory market prices for lead and silver are expected to prevail.

General

The creation and preservation of job opportunities must, for a period, take precedence over increases in minimum wages. The equality of opportunity in employment must be extended to all and this requires the removal of the remaining racial barriers in this area. Vocational training and higher levels of education will progressively have to be improved and extended to all members of all race groups.

Outlook

The Group is not dependant upon the flow of foreign capital to finance its projects, nor does it appear likely that it will become so in the future. It has the financial capacity to finance further major projects as soon as opportunities arise and conditions are propitious.

This Group has for long been steadfast in its confidence in the future of gold, but even at a lower gold price than prevails at present there are good prospects for increases in dividend distributions during the current year, whilst at the same time allowing for adequate retentions to provide for the future development of the Group.

GOLD FIELDS OF SOUTH AFRICA LIMITED — CHAIRMAN'S REVIEW 1978

The full text of this statement is available on application to The Joint London Secretaries, Gold Fields of South Africa Limited, 49 Moorgate, London EC2R 6BQ, England. Please complete and post this coupon.

Name: ______________________

Address: ______________________

INTERNATIONAL FINANCIAL AND COMPANY NEWS

NORTH AMERICAN NEWS

Del Monte agrees to revised offer

BY STEWART FLEMING

NEW YORK, Sept. 26.

R. J. REYNOLDS Industries, the largest U.S. tobacco company, has taken another major step in its diversification programme by securing the agreement in principle of the Board of Del Monte to a takeover bid valuing the Californian-based fruit and vegetable canner at $582m.

In August, Reynolds said it was ready to make a $38 a share bid for Del Monte, which is the largest canner in the country. At that time Del Monte's shares were trading at only $32. Now, however, Reynolds has agreed to increase its offer to $48.50 a share in cash for 45 per cent of Del Monte's equity, with a share exchange arrangement for the outstanding 55 per cent.

The new offer values Del Monte at just over 11 times earnings, which, in spite of the company's unspectacular earnings record, seems to make the deal an attractive one for Reynolds. In its latest financial year Del Monte reported a net profit of $51.4m, equivalent to $4.27 a share, on sales revenues of $1.6bn.

Reynolds itself has said nothing in public about the choice of Del Monte as its latest acquisition target. But it has for several years made no secret of its desire to take over a major food company, a line of diversification which has been followed by several of the world's leading tobacco concerns.

Del Monte's attractions are that it is a stable, well-known company and a brand leader in its field. With its large sales volume it could provide economies of scale and national distribution for Reynolds' own operations and become a vehicle for further food industry acquisitions.

Earlier this year, Reynold also acknowledged that it was having takeover talks with Joseph Schlitz Brewing, although these were discontinued.

The bulk of Reynold's $6.4bn sales last year were in the tobacco business where it has about one-third of the U.S. domestic market in both high and low tar segments, with brands like Winston, Salem, Vantage and Camel.

The transportation division, conducted through Sea-Land Service, the world's largest containerised shipping company, is also a major contributor to revenues and profits.

In 1976 Reynolds undertook a major expansion of its energy business with the $522m purchase of the unfortunate Burmah Oil's U.S. oil and gas operations, a deal which helped to offset the loss in the following year of its operations in Kuwait which were nationalised.

Revenues of its energy division are expected to be lower in 1978 because of the nationalisation. Its food and beverage operations have been only a minor contributor to total revenues although they have made a more significant contribution to earnings. Assuming that the Del Monte deal goes through, however, this division will become another major business centre. It will also provide another route for international expansion since currently about 28 per cent of Del Monte's sales revenues and about 47 per cent of operating profit comes from overseas. International sales have also had better growth characteristics than the U.S. domestic business.

Some Wall Street analysts are not expecting the Del Monte acquisition to be the end of the Reynolds diversification programme. The company has previously said it has about $1bn to spend on acquisitions.

General Mills profits increase

NEW YORK, Sept. 26.

THE FOOD, clothing and toys group General Mills had net income from continuing operations of $43.2m or 86 cents a share for the first quarter ended August 27, compared with $37.5m or 75 cents a share. The figure for 1977 excludes a gain of 4 cents a share from discontinued operations. Sales revenues for the quarter improved from $764.2m to $906.6m.

Mr. E. Robert Kinney, chairman, told Monday's annual meet that he was confident that the company for the first time in its history would achieve a three-month sales level of $1bn in the second quarter of the current financial year. General Mills had sales of $928.9m in the second quarter last year.

Mr. Kinney also said that be expected the second quarter to show the single largest year-on-year gain in earnings from continuing op eartions of any quarter this year. In last year's second quarter, the company made net income from continuing operations of $43.9m or 88 cents a share and a final net income figure of $49.1m or 98 cents a share.

The company is to increase the quarterly dividend from 23 cents a share to 29 cents.

Agencies

Tyre recall order could cost Firestone $300m

BY JOHN WYLES

NEW YORK, Sept. 26.

FIRESTONE Tire and Rubber Company's long torment over the safety of its "500" steel belted radial tyre is expected to reach a climax in the next few days with a compulsory recall order from the National Highway Traffic Safety Administration (NHTSA).

Depending on its scope, the order could at worst cost the company anything up to $300m in replacing most of the 13m tyres still in use. For more than two months, the company has been employing the leading Washington lawyer Mr. Clark Clifford to negotiate a more limited recall with the NHTSA, which would cover a smaller number of tyres produced by certain of its plants at certain times.

Firestone has been fighting a determined rearguard action against having to replace the "500" ever since the NHTSA determined earlier this year that there was sufficient evidence about the tyre's lack of safety to warrant recommending a recall. The Akron, Ohio, company has pointed out, accurately, that the Government agency has been unable to pinpoint a specific safety defect, and it has argued that virtually all of the problems—mostly tyre bursts and similar failures—with the "500" stem from customer misuse. However, the more vehement its protestations, the more points it appears to have lost on the public relations battleground.

Firestone's chairman, Mr. Richard Riley, conceded last month that unfavourable publicity was a factor in producing a sharp drop in third quarter earnings, and he warned that a recall could have a very substantial adverse impact on future earnings.

Under established case law, the NHTSA does not need to be able to pinpoint a defect, but it does have to demonstrate a pattern of excessive failures. In the course of its investigations the agency examined 6,000 consumer reports detailing more than 14,000 separate tyre failures. Its recommended recall was based partially on the proportion of total tyres sold which had been returned for full or partial refund—the so-called "adjustment rate." Firestone has disclosed an adjustment rate of 7.4 per cent compared with the tyre industry's more usual expectation of between 2 and 4 per cent.

However, a House of Representatives sub-committee which had conducted its own investigation reported last month that Firestone had authorised dealers to replace about 17 per cent of its entire "500" production of about 23m tyres between 1975 and the spring of this year. In subsequent clarification, Firestone said that its adjustment figure referred to 1975-77 production.

Legally, Firestone can be required only to recall tyres sold during the three year period prior to the issue of the compulsory recall. On most estimates, this would amount to 11m tyres, but the total would be significantly greater if it were forced to call in versions of the "500" manufactured for the Montgomery Ward chain stores group and for Shell Oil.

But the potential public and financial agony does not end there. The company is facing half a dozen class action suits—one of which seeks $1bn on behalf of 147 plaintiffs—as well as more than 270 civil suits. By mid-summer, nine of these suits had been lost in the courtroom. Firestone had won 22 and settled 64 out of court for less than the plaintiff was seeking. The largest out-of-court settlement resulted in a payment of $1.4m following an accident involving the blow-out of a "500" which resulted in the death of two parents and serious injury to their child.

IAC in talks over future of new bank

By Robert Gibbens

MONTREAL, Sept. 26.

CANADA'S leading sales finance and leasing company, IAC, is holding talks with Canada Permanent Mortgage Corporation about the possible fusion of both concerns with the new Continental Bank of Canada which is to be based on the existing IAC branch network.

This operation is due to start next June, and IAC said in a statement from Toronto that bringing the commercial bank into business would be its first priority.

Canada Permanent revealed its identity as IAC's discussion partner after the latter had said merely that it was talking with another financial institution. The Toronto mortgage company said it was conducting exploratory talks "to investigate the feasibility of eventual amalgamation with IAC and Continental Bank."

Caruna Bank, controlled by the Peter and Edward Bronfman interests, owns nearly 20 per cent of IAC.

Du Pont makes good progress

WILMINGTON, Sept. 26.

DU PONT, the chemicals group, is confident that net income in the third quarter ended September 30, will match or surpass earnings in the previous quarter which totalled $190.8m, or $3.92 a share. Net income in the 1977 third quarter was $143.3m or $2.91 a share.

Third quarter sales are likely to increase by an estimated 10 per cent from last year's corresponding $2.4bn.

Analysing divisional performance by Du Pont, Irving S. Shapiro, chairman, said chemicals and plastics, which together currently account for 39 per cent of sales, posted only modest profit gains in the third quarter.

Fibre profits have improved, Mr. Shapiro, stated, partly because plant capacity being used has increased to the "low to middle 80 per cent area" from the upper 70 per cent area of a year ago. In addition, Du Pont has a "major effort" underway to reduce manpower and cut costs of making fibres because "now that some fibres have become commodities we have to become extremely efficient in manufacturing them" he said.

Mr. Shapiro said that Du Pont is "making progress" this year but "we have to make a lot of progress before we have the company performing where it should be." Previously the chairman had said Du Pont's goal was to return profitability to levels achieved in 1965 when the company's return on investment was over 8 per cent. Last year Du Pont's return on investment was 4.3 per cent.

Agencies

Coke of New York to expand

HACKENSACK, Sept. 26.

COCA-COLA BOTTLING Company of New York, which has spent or committed nearly $100m for acquisitions since last December, has not abandoned its acquisition efforts, states Mr. Charles E. F. Millard, chairman and president.

At the same time, however, Coke of New York, which since 1970 has been branching out of the soft drink bottling business into wines, passenger riverboats, plastic picnic coolers and television stations, does not intend to carry its diversification attempts. "We have cooled our diversification interests," Mr. Millard said, "but they are not frozen."

The chairman declared that Coke of New York, the nation's largest Coca-Cola bottler, plans to keep buying bottlers, especially those in smaller areas where per capita consumption of soft drinks is rising.

This year Coke of New York, as previously announced, issued common stock worth about $25m to acquire bottlers in Colorado Springs, Salina in Kansas, Lincoln in Nebraska and Upper New England. It also recently agreed to purchase a Louisville coke bottler in a stock swap valued at about $21m.

"There are still a fair number—maybe 25 or 50—of Louisvilles around," Mr. Millard commented. "We are still actively looking for those."

Coke of New York also hopes to make acquisitions that would follow its July $37.3m cash purchase of Jeanette Corporation, a tableware maker.

One recent Coca-Cola Bottling acquisition that probably will not be followed by another similar one was the December, 1977, purchase of a 51 per cent interest in a Syracuse television station for about $2m. The group would like to do some TV acquisitions but it has had some difficulty in locating properties at a price it can afford, claims the chairman.

The Jeannette Corporation, acquisition, which was made with cash and financed by a recently completed $30m Eurobond placement, raises the company's long-term debt to about $90m from about $60m. About $25m of that debt is non-recourse debt not guaranteed by the parent company.

Coke of New York's balance sheet shows a debt-to-equity ratio of about 50 per cent—up from 33 per cent—but this will reduce future financing options, Mr. Willard noted. "Our only alternative now is common stock," he said.

Mr. Millard added that a per-share net of 77 cents a share was "a reasonable target" for 1978. Net income last year was $12.3m or 70 cents a share on sales of $315.8m.

The company's two Mississippi river pleasure cruise riverboats will repeat the $2.5m operating losses they posted in 1977 but they should be in the black in 1979.

AP-DJ

Mitchell Energy

Mitchell Energy and Development said a company owned by it and Central Telephone *and Utility Corporation of* Chicago received a jury verdict for more than $55m in an anti-trust suit against Southwestern *Bell Telephone Company*, a unit of American Telephone and Telegraph Company, AP-DJ reports from Houston. The U.S. District Court jury award was for about $18.1m and under federal anti-trust law the plaintiff is entitled to triple the award.

Sundance stake

Sundance Oil said it acquired a 40 per cent interest in Kintyre Enterprises, a Hong Kong corporation with rights to a new coal-purifying process, for $2.6m cash and 116,790 shares of Sundance common stock, AP-DJ reports from Denver. Based on Sundance's closing price of $18.75 on the American Stock Exchange composite tape Monday, the transaction had a total value of about $4.8m.

St. Regis settlements

St. Regis Paper completed negotiations for the settlement *of antitrust claims in folding* carton class actions pending in the U.S. district court, Chicago, by the payment of $6.9m, subject to court approval, Reuter reports from New York. St. Regis also negotiated settlement of claims in an antitrust action brought by independent corrugated box makers against certain integrated paper companies. These and earlier settlements will adversely affect third quarter earnings by about 24 cents.

EUROBONDS

Dollar issues fall sharply

BY NICHOLAS COLCHESTER

DESPITE A better day for the U.S. dollar, news *of rising interest* rates in the U.S. continued to set the tone in the dollar sector of the international bond market. Although trading volume remained thin, a small amount of selling by investors caused some quite sharp reductions in specific prices, suggesting that dealers were proving most unwilling to take stock on board.

In the U.S., the Federal Funds rate rose by around ¼ per cent to 9¼ per cent, which was a sharp rise even discounting the special effects that this market is prone to display on Tuesdays. The six-month Eurodollar rate rose by ¼ per cent to 9¾-10 per cent. If set against the current dollar bond yield of around 9¼ per cent, the attractions of a long position clearly dwindle.

Prices were off by between ¼ and ½. The new Itel bond, for example, was ½ easier at 98¼-98½.

The Deutsche Mark sector remained firm with the better known names showing rises of up to ¼. The volume of activity was reasonable although still below the dealing spree of a fortnight ago. It was confirmed that Deutsche Bank would today be announcing an issue of DM 50m for a *European corporate* borrower, but the name remained a secret.

In the Swiss Franc sector the SwFr 50m bond for Oberoesterreichische Kraftwerke was priced at 100¼ to yield 3.93 per cent by lead manager Credit Suisse. The same bank is also arranging a SwFr 80m 12-year bond for Sandvik AB of Sweden. This bond will carry a coupon of 4 per cent and has been priced at 100¼ per cent to yield.

This bond is partly designed to convert the company's former SwFr 80m 6 per cent bond issue due in 1987 which is being redeemed early at 102 per cent. Foreign bond holders are allowed to convert up to 100 per cent of their old holding into the new bonds.

The SwFr 100m for Norges Kommunalbank has been priced at par to yield 3.96 per cent by lead manager Banque Gutzwiller, Kurz, Bungener. In the secondary bond market, prices so far this week have been steady.

National questions TXIA bid

MIAMI, Sept. 26.

IN A letter to the Board of Texas International Airlines (TXIA), Mr. L. B. Maytag, chairman and chief executive of National Airlines, questioned whether TXIA was prepared to make an offer for National that would be financially superior to the offer from Pan American World Airways.

The letter also stated the National's financial adviser were unable to conclude that TXIA was in a position financially to propose a plan to acquire complete ownership of National using its own resources on a basis that would be fair to all of National's shareholders.

Mr. Maytag's letter said that although TXIA has stated that it wants a complete financial and operational combination with National, it has admitted that it has formulated no specific plan for the combination. TXIA has also given no indication as to how National's shareholders would be treated in such a combination, the letter said.

Agencies

New York SE in options move

THE New York Stock Exchange, eager to introduce options trading, has told the Securities and Exchange Commission (SEC) that its proposed entry into the options business would improve the overall market quality of options.

In a letter to the SEC, the NYSE indicated that its present plan is to trade options in a room physically separated from the equity trading floor, rather than trading options side-by-side with their underlying stocks.

The Exchange has pointed out that it wishes to gain actual experience with options trading before making any firm decision on the desirability of dual market-making, which is simultaneous market making in a stock and its related options by the same person, or by different persons associated with the same firm.

The Exchange said standardised options today are traded on more than 200 underlying stocks

AP-DJ

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CLIVE INVESTMENTS LIMITED
1 Royal Exchange Ave., London EC3V 3LU. Tel: 01-283 1101
Index Guide as at September 26, 1978 (Base 100 at 14.1.77)

Clive Fixed Interest Capital	129.70
Clive Fixed Interest Income	114.31

ALLEN HARVEY & ROSS INVESTMENT MANAGEMENT LTD.
45 Cornhill, London EC3V 3PB. Tel.: 01-623 6314.
Index Guide as at September 21, 1978

Capital Fixed Interest Portfolio	100.00
Income Fixed Interest Portfolio	100.00

All of these securities having been sold, this announcement appears as a matter of record only.

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September, 1978

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The modified Scheme of Arrangement under Section 206 of the Companies Act 1948, providing for the amalgamation with Rightwise Limited of Deundi Holdings Limited, Gadek Indonesia Limited and Arbour Court Investments Limited, has now become effective.

Application has been granted by the Council of The Stock Exchange for all the issued Ordinary shares and Convertible Unsecured Loan Stock of the Company to be admitted to the Official List with effect from 29th September 1978.

Particulars of the Company and of the 10 per cent Convertible Unsecured Loan Stock 1993 have been circulated in Extel Statistical Services Limited and copies of the particulars may be obtained during usual business hours on any weekday (Saturdays excepted) up to and including 18th October 1978, from:—

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September 25, 1978

INTERNATIONAL FINANCIAL AND COMPANY NEWS

Nestle forecasts modest decline

ZURICH, Sept. 26.

A FURTHER modest decline in profits is forecast for this year by Nestle the international foods group which has its headquarters in Switzerland but which sells well over 90 per cent of its goods outside this country.

The company cites the relentless appreciation of the Swiss franc for its continued profits weakness and is at pains to point out that but for this factor group profits would increase this year. Since January the Swiss franc had advanced by for than a fifth in terms of the dollar

Group sales this year are expected to decline from the 1977 record level of SwFr 20.1bn, but the extent of the fall will depend on exchange rate movements between now and the end of the year. Without the advance in the Swiss franc "it might have been possible to look for an increase to some SwFr 22bn, the group's managing director, Arthur Fuerer, said today.

Profit is "even harder to forecast at this stage" though without exchange rate fluctuations group earnings would certainly be substantially higher than last year. This reflects both higher sales volume and the fact that this year Nestle will not have to repeat the 1977 write-down of coffee stocks.

The fall in cocoa and coffee prices in the final four months of last year caused an exceptionally high depreciation charge on stocks of SwFrs 157m. This helped depress profits so that group net 1977 earnings fell by 4.5 per cent to SwFrs 830m from SwFrs 872m.

There is certainly no reason why the dividend of Nestle or that of its holding company for north and latin American interests, Unilac, should be reduced, Mr. Fuerer said.

However he stressed that a maintained Unilac dividend is effectively a reduction for Swiss investors as it is expressed in U.S. dollars.

Last year the dividends were an unchanged SwFr 72 and U.S.$5.50.

Mr. Fuerer said that the greatest advance in sales so far this year over last has been in refrigerated foods, while the most difficult market has been chocolate. Reuter

Shell sees further loss on Dutch chemical operations

BY CHARLES BATCHELOR

AMSTERDAM, Sept. 26.

SHELL NEDERLAND expects to make another loss on its refinery and chemical operations in Holland this year following the loss of around Fl 300m ($140m) in 1977.

Despite a slight improvement in refinery product prices the overall picture is as gloomy as was forecast by the company at the start of the year. In terms of sales the company accounts for about 9 per cent of the total Royal Dutch/Shell group.

Prices for naphtha and petrol have improved recently. Despite a decline in heating oil prices the prices of refined products have risen on average, Mr. O. G. Aidt, Director of Refining Operations, told a meeting of the works council.

There has been no improvement in the use of primary refining capacity, currently around 65-70 per cent. Shell hopes to have the crude distillation plant at its Pernis refinery, which was put out of action by fire earlier this month, back in production by October 10. This unit accounts for about one-fifth of the refinery's capacity and increased production from other distilling units has not been enough to compensate for the loss.

Considerable overcapacity continues for chemical products and prices in western Europe are unsatisfactory. The chemicals division is still making losses, Shell said. The naphtha cracker at Pernis will remain shut.

The refining and chemicals divisions contributed about equally to last year's Fl 300m loss. Sales of Shell Nederland—including Shell's 50 per cent stake in Nederlandse Aardoliemij (NAM) — were Fl 12.98bn ($6.09bn) in 1977.

Oil and gas operations contributed Fl 10.07bn to the total turnover figure with chemical products accounting for Fl 2.9bn. Shell gives no details of the share of NAM—a joint venture with Esso—in the oil and gas total, but estimates put it at around Fl 3.6bn.

Reuter adds from Rotterdam: The Royal Dutch/Shell group has had discussions with Compagnie Francaise de Petroles (CFP) and other refining companies aimed at finding a solution to the over-capacity problems of the European oil refining industry. Shell has concluded no contracts with CFP, the company said, despite Dutch and French Press reports that CFP is prepared to sell its 6.5m tonne annual capacity refinery at Flushing and has made contact with Shell over a possible deal.

Earlier this month, CFP said that it was discussing co-operation in the downstream sector with a chemical group based in the Netherlands, but gave no further details.

Ogem rationalises Otra side

BY OUR OWN CORRESPONDENT

AMSTERDAM, Sept. 26.

OGEM, the Dutch-based international trading and construction company, plans to split its Otra subsidiary into two, dividing the company into an international trading group and a stockholding wholesale operation.

As part of the move Ogem, which currently controls 56 per cent of Otra, will bid for the entire capital of the new trading company but will maintain its present share in the wholesale group.

The proposals represent the culmination of three years of acquisition in the trading field by Ogem, which the company said in May would be followed by a period of consolidation. Otra, until last year was the former THV International group, and is the holding company for more than 80 trading companies with offices in 30 countries. It has a workforce of around 7,000 and earlier this month announced net profit of Fl 3.3m ($1.5m) for the first half of 1978; in 1977 as a whole net earnings rose Fl 7.7m.

It has become increasingly clear that the Otra companies involved in international trade would benefit from a complete integration with Ogem, although for commercial reasons this is "not desirable" for the stockholding wholesale business, the two firms said in a joint statement issued today.

Otra will set up a company, to be called Ogem Trade International, grouping its import and export business and a number of non-consolidated companies. Otra shareholders will receive one nominal Fl 40 share in the new company for each Fl 100 nominal Otra share held. A shareholders' meeting will be called shortly to authorise this move.

Ogem will then make a bid for the 44 per cent of Ogem Trade International not already owned through a share exchange on the basis of 1.5 of its own shares for one Ogem Trade International.

Liechtenstein law reform due

BY JOHN WICKS

ZURICH, Sept. 26.

MAJOR CHANGES in the laws governing Liechtenstein holding companies are likely to be contained in recommendations the Government of the principality intends to present to parliament next spring.

It is understood that amendments to the existing law could result in the corporate forms "trust," "establishment" and "foundation" being permitted in future only in the case of companies with a purely administrative function. Holding companies with actual operations outside the principality would then be asked to convert their corporate form into that of a limited company or limited partnership, both with a share capital.

Heavy loss at Italian engineering group

By Our Own Correspondent

ROME, Sept. 26.

ITALIAN STATE engineering group Finmeccanica today announced losses of L221bn ($266m) for the year ended June 30. The losses will be covered by drawing on capital, which Finmeccanica's parent, the state industrial holding company IRI, will then restore to its present level of L400bn.

Two-thirds of the Finmeccanica losses were caused by the ailing Alfa Romeo car group, which last year turned in a loss of L149bn, requiring a hefty capital injection from Finmeccanica. Alfa Romeo is one of Italian state industry's principal crisis areas, and its Alfa Sud plant at Pomigliano d'Arco, near Naples, is likely to become a sparking-point for industrial unrest this winter if continuing losses force IRI to consider its closure.

Since its opening in 1972, the Alfa Sud plant has lost more than L500bn, and IRI is due to take a decision in November on whether to pump in yet more capital.

Finmeccanica recently appointed a new management team at Alfa, following the resignation earlier this year of its chairman, Sig. Gaetano Cortesi. But in spite of optimism earlier this year, following a lengthy round of labour negotiations at the group, that productivity could be raised and losses cut, the future for Alfa Sud remains uncertain.

The plant has long suffered from high strike losses and poor labour relations. Officials at IRI do not hide an expectation that IRI may call on the Government for funds if it is required to keep the plant open, against normal economic criteria.

The alternative could be something similar to the fate of state foods company, Unidal, closed down last winter in the face of heavy losses, and then reopened under a new name, with a drastically reduced workforce.

MEDIUM-TERM LOANS

Long maturity for Brazilian borrower

BY FRANCIS GHILES

BRAZIL'S Light Servicios de Electricidad is currently arranging a $150m loan through a group of banks led by Westdeutsche Landesbank. The borrower has succeeded in extending the maturity on the longest tranche of this loan to 15 years, the longest ever for a Brazilian borrower. Light Servicios has however had to pay a price for this extended maturity in the form of a high management fee, 1½ per cent, on the 15-year tranche.

There are seven banks in the management group of this loan: Algemene Bank Nederland, Canadian Imperial Bank of Commerce, Credit Lyonnais, DG Bank, Mitsubishi Europe, National Westminster Bank and Royal Bank of Canada.

The loan is in three tranches: $65m for 10 years with five years grace and a spread of 1⅝ per cent; $65m for 12 years with six years grace and a spread of 1¾ per cent; and $20m for 15 years with five years grace and a spread of 1⅞ per cent. The borrower will be paying no commitment fee and the management fee will be ⅞ per cent on the 12-year tranche ⅝ per cent on the 12 year tranche and 1½ on the long tranche.

The loan will be drawn down in one amount, within 30 days of signing. Co-managers will be asked to take $3m in both the 10- and 12-year tranches, while the longer tranche will be placed exclusively among the seven managers and Westdeutsche Landesbank. Participating banks will be able to choose to participate in either of the two shorter tranches.

Banca Somex, of Mexico, has jointly given a mandate to five banks to arrange the $225m seven-year loan (with four years grace) it is arranging and on which the borrower is paying a spread of ⅞ per cent throughout: Orion, Bank of America, Chemical Bank, Lloyds Bank International and Manufacturers Hanover Trust.

Sweden's attempt to avoid paying any management fee at all on the $1bn refinancing it is currently discussing with the group of banks which arranged a large loan for it in March 1977 has failed: the borrower will pay a management fee of ⅛ per cent. Last March that fee amounted to ⅜ per cent.

The new loan is expected to be for 10 years and will carry a spread of ⅜ per cent throughout. Two of the original managers, Morgan Guaranty Trust and Chemical Bank, have retired from the management group as they felt these terms were too fine.

Another Scandinavian borrower, Norsk Hydro is raising $120m on a private basis through a group of banks led by Citicorp. The terms of this transaction are undisclosed.

The Belgian company Eternit is raising $40m for seven years with two years grace on a split spread of ½ per cent for the first two years, rising to ⅝ per cent for the next three and ¾ per cent for the remainder. These funds will be used to finance the acquisition of a company in the U.S. The loan is being lead managed by Banque Europeenne de Credit, and the other managers include Morgan Guaranty Trust, Banque Bruxelles Lambert-Societe Generale de Banque, Paribas and Lloyds Bank International.

Tag buys control of French group

THE SAUDI group Tag International has acquired a majority interest in a small French electronics concern, Societe Occitane dElectronique (SOE), AP-DJ reports from Paris.

Societe Generale Pour le Financement de l'Innovation (Soginnove), whose major shareholder is the French nationalised Bank Societe Generale, said it has acquired a 13 per cent. interest in SOE.

The electronics firm is France's biggest manufacturer of video games

Parcor doubles earnings to $3.5m

By Our Financial Staff

PARCOR, the small French pharmaceutical company whose shares have been soaring on the Paris Bourse this year, more than doubled its net profits in the first half to Frs15.47m ($3.6m) from Frs7.54m.

Owned 59 per cent by Sanofi, part of the Elf-Aquitaine oil group, Parcor has excited investors' interest through its new Ticlopidine drug aimed at the cardio-vascular market.

The company's shares are listed on the cash market and now trade at more than Frs1,074, far above their 1978 low of Frs220. The drug is expected to go on sale next year in France and abroad, with Imperial Chemical Industries (ICI) handling British and Commonwealth marketing. Daiichi will look after the Japanese end, and Parcor is also interested in sales to America.

It is the long-term expectations for Parcor, rather than the likely level of 1978 earnings which have chiefly propelled its shares to their present heights.

Its Sanofi parent also owns 78 per cent of Laboratoires Labaz, which cooperates with Parcor in research on problems of blood circulation.

Labaz, also a high flyer on the Bourse with an over-the-counter price of Frs393 compared with this year's low of Frs76, is about to start marketing its Depakine drug for epilepsy treatment in the U.S., where licensee Abbott Laboratories recently received approval from the Food and Drug Administration.

PKbanken in London

The state-owned PKbanken, Sweden's largest commercial bank, is to open a wholly-owned subsidiary in London in the form of a licensed securities dealer, writes John Walker from Stockholm. The move is subject to permission from the Swedish Government and the Bank of England.

SELECTED EURODOLLAR BOND PRICES MID-DAY INDICATIONS

STRAIGHTS	Bid	Offer
Alcan Australia 8½pc 1989	96½	97½
AMEV 8pc 1987	93½	94½
Australia 8½pc 1992	93½	94½
Australian M. & S. 9½pc '92	98½	99
Barclays Bank 8½pc 1992	95	95½
Bowater 9½pc 1992	97½	98½
Can. N. Railway 8½pc 1986	95½	96½
Credit National 8½pc 1986	96½	97
Denmark 8½pc 1984	97	97½
ECS 9pc 1993	99	99½
ECS 8½pc 1997	93½	94½
EIB 8½pc 1992	96½	97½
EMI 9½pc 1989	94	96½
Ericsson 8½pc 1989	96	96½
Esso 8pc 1986 Nov.	98½	99½
Gt. Lakes Paper 8½pc 1984	97½	98½
Hamersley 9½pc 1992	100½	101
Hydro Quebec 9pc 1992	97	97½
ICI 8½pc 1987	94½	95½
ISE Canada 9½pc 1986	101½	102
Macmillan Bloedel 9pc 1992	97½	98½
Massey Ferguson 9½pc '91	96	97
Michelin 9½pc 1988	99½	100½
Midland Int. Fin. 8½pc '92	96½	97½
National Coal Bd. 8pc 1987	94	94½
Natl. Westminster 9pc 1986	99½	100

	Bid	Offer
Natl. Westmnstr. 9pc '86 'B'	100½	101½
Newfoundland 9pc 1989	96	96½
Nordic Inv. Bank 8½pc 1988	97	97½
Norges Kom. Bk 8½pc 1992	95½	96½
Norpipe 8½pc 1989	96	96½
Norsk Hydro 8½pc 1992	94½	95½
Oslo 9pc 1988	99½	100
Ports Autonomes 9pc 1991	98½	98½
Prov. Quebec 9pc 1993	96½	97
Prov. Saskatchwn. 8½pc '86	97½	98
Reed International 9pc 1987	94	96
RHM 9pc 1992	94½	95½
Selection Trust 8½pc 1989	91½	92½
Shell Intl. Fin. 8½pc 1990	93	95½
Skand. Enskilda 8pc 1991	98	99½
SKF 8pc 1987	91½	92½
Sweden (K'dom) 8½pc 1987	93	95½
United Biscuits 9pc 1989	97½	98
Volvo 8pc 1987 March	92½	93
NOTES		
Australia 7½pc 1984	92½	93½
Bell Canada 7½pc 1987	93	93½
Br. Columbia Hyd. 7½pc '85	92½	93½
Can. Pac. 8½pc 1984	96½	97½
Dow Chemical 8pc 1986	94½	95½
ECS 7½pc 1982	94½	96½
ECS 8½pc 1989	94	94½
EEC 7½pc 1982	95	95½
EEC 7½pc 1984	94	94½
Enso Gutzeit 8½pc 1984	95½	96
Gotaverken 7½pc 1982	94½	95½
Kockums 8pc 1983	95½	96½
Michelin 8½pc 1983	97½	98½
Montreal Urban 8½pc 1981	98½	99
New Brunswick 8pc 1984	95½	96
New Bruns. Prov. 8½pc '83	97½	98½
New Zealand 8½pc 1986	95	95½
Nordic Inv. Bk. 7½pc 1984	93½	94
Norsk Hydro 7½pc 1982	95½	96
Norway 7½pc 1982	93½	94½
Ontario Hydro 8pc 1987	93	93½
Singer 8½pc 1982	97½	98½
S. of Scot. Elec. 8½pc 1981	98	98½
Sweden (K'dom) 7½pc 1982	95½	96
Swedish State Co. 7½pc '82	95½	96
Telmex 9½pc 1984	95½	99
Tenneco 7½pc 1987 May	91½	92
Volkswagen 7½pc 1987	93½	93½

STERLING BONDS	Bid	Offer
Allied Breweries 10½pc 1990	91	92
Citicorp 10pc 1993	93	94
Courtaulds 9½pc 1989	89½	90½
ECS 9½pc 1989	93	94
EIB 9½pc 1988	97½	98½
EIB 9½pc 1992	93½	94½
Finance for Ind. 9½pc 1987	91½	92½
Finance for Ind. 10pc 1989	94½	95½
Fisons 10½pc 1987	97½	98½
Gestetner 11pc 1988	93½	94½
INA 10pc 1988	91½	91½
Rowntree 10½pc 1988	92½	93½
Sears 10½pc 1988	92½	93½
Total Oil 9½pc 1984	91	92

DM BONDS	Bid	Offer
Asian Dev. Bank 5½pc 1988	95½	96½
BNDE 6½pc 1986	97½	98½
Canada 4½pc 1983	98	99
Den Norske Ind. Bk. 6pc '90	99½	100½
Deutsche Bank 4½pc 1983	98	99
ECS 5½pc 1990	92½	93½
EIB 5½pc 1990	92½	93½
Elf Aquitaine 5½pc 1988	94½	95½
Eurofom 5½pc 1987	97½	98½
Finland 5½pc 1986	97½	98½
Forsmarks 5½pc 1990	97	98
Mexico 6pc 1985	97½	98½
Norcem 5½pc 1989	98	99
Norway 4½pc 1983	98½	99½
Norway 4½pc 1983	97	98
PK Banken 5½pc 1988	96½	97½
Prov. Quebec 6pc 1990	97	97½
Rautaruukki 5½pc 1988	96	96
Spain 6pc 1988	98½	97½
Trondheim 5½pc 1988	96	97
TVO Power Co. 6pc 1988	97	98
Venezuela 6pc 1988	96½	97½
World Bank 5½pc 1990	97	98

FLOATING RATE NOTES	Bid	Offer
Bank of Tokyo 1984 8½pc	99	99½
BFCE 1984 9⁷⁄₁₆pc	99½	99½
BNP 1983 9⁵⁄₁₆pc	99½	100
BQE Worms 1985 9pc	98	98½
CCF 1985 8½pc	95½	96½
Chase Manhttn. '93 9⁵⁄₁₆pc	97½	98½
Creditanstalt 1984 8½pc	98	[illegible]
DG Bank 1982 9pc	99½	100
GZB 1981 8½pc	99½	100½
Intl. Westminster 1984 8pc	98½	99½
Lloyds 1983 8⅞pc	99½	100½
LTCB 1983 9⅛pc	99½	99½
Midland Int. FS '87 8⁹⁄₁₆pc	98½	99½
Midland Int. FS '93 9⁷⁄₁₆pc	98½	98½
Nat. Westminstr. '90 9⁵⁄₁₆pc	98½	99
OKB 1983 9½pc	99½	100
SNCF 1985 9⁵⁄₁₆pc	99½	99½
Std. and Chtrd. '84 9⁵⁄₁₆pc	98½	99½

Source: White Weld Securities.

CONVERTIBLES	Bid	Offer
American Express 4½pc '87	82½	84
Babcock & Wilcox 7pc '92	129½	129½
Beatrice Foods 4½pc 1992	99½	101
Beatrice Foods 4½pc 1992	114½	116
Beecham 6½pc 1992	115	118
Boots 6½pc 1992	99½	100½
Borden 5pc 1992	96½	98
Broadway Hale 4½pc 1987	74	75½
Carnation 4pc 1987	76½	78
Chevron 5pc 1988	143	144½
Dart 4½pc 1987	83½	85
Eastman Kodak 4½pc 1988	86½	88
Economic Labs. 4½pc 1987	80½	82
Firestone 5pc 1988	75½	77
Ford 5pc 1988	84	85½
General Electric 4½pc 1987	85½	87
Gillette 4½pc 1987	76½	78
Gulf and Western 5pc 1988	87	88½
Harris 5pc 1992	216	218
Honeywell 6pc 1988	86	87½
ICI 6½pc 1992	93½	95½
INA 6pc 1997	99½	101
Inchcape 6½pc 1992	117½	119
ITT 4½pc 1987	77½	79
Jusco 6pc 1992	145	146
Komatsu 7½pc 1990	145½	149½
J. Ray McDermott 4½pc '87	157	159
Matsushita 6½pc 1990	183½	185
Mitsui 7½pc 1990	131	134
J. P. Morgan 4½pc 1987	100	101½
Nabisco 5½pc 1988	104	105½
Owens Illinois 4½pc 1987	117½	119
J. C. Penney 4½pc 1987	75½	77
Revlon 4½pc 1987	130	131½
Reynolds Metals 5pc 1988	86	87½
Sandvik 6½pc 1988	112	114
Sperry Rand 4½pc 1987	97½	99
Squibb 4½pc 1987	82	83½
Texaco 4½pc 1988	76½	78
Texas Int. Airlines 7½pc '93	89½	89½
Toshiba 6½pc 1992	138½	139½
Ty Co. 5pc 1984	75½	77
Ty Co. 9½pc 1988	104½	105½
Union Carbide 4½pc 1982	98	99½
Warner Lambert 4½pc 1987	81½	83
Warner Lambert 4½pc 1988	75½	77
Xerox 5pc 1988	75½	77

Source: Kidder, Peabody Securities.

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INTERNATIONAL FINANCIAL AND COMPANY NEWS

BHP-Esso raises Cobia spending to A$200m

BY JAMES FORTH

SYDNEY, Sept. 26.

[T]HE BASS STRAIT oil partner[sh]ip of Broken Hill Proprietary [C]ompany and Esso, an offshoot of [E]xxon of the U.S., is to proceed [w]ith the development of the [M]ain Cobia oilfield at a total cost [of] about A$200m (some [U]S$230m). This was announced [to]day at the annual meeting of [B]HP in Melbourne, by the chair[m]an, Sir James McNeill. It will [b]ring to almost A$400m the [a]mount committed over the past [tw]o months to the development [o]f new fields in the Bass Strait.

Last month, Esso - BHP [a]nnounced they would go ahead [w]ith the development of the [W]est Kingfish Field at a cost of [c]lose to A$200m. Late last week [a] new oil discovery was [a]nnounced in the Bass Strait, [w]hich the partners have named [t]he Fortescue Field. It is the [f]irst time a field has been [d]eclared on the basis of only one [w]ell, and industry observers [s]uggest the structure contains reserves similar to those of Cobia and West Kingfish, which are each about 150m barrels of oil.

Sir James told shareholders at the meeting that they could look forward to the current year with more confidence than there had been for the year just ended. In 1977-78 the group boosted its profits by 55 per cent, from A$59m to A$92m, but mainly as a result of increased oil and gas revenues. The steel activities again incurred heavy losses.

Sir James said there were some grounds for cautious optimism in the steel division although the world steel industry had yet to emerge from the prolonged and deep recession of the past few years. "We do not expect a return to the growth rates of the 1960s and early 1970s but rather a level of demand improving steadily from the recent very low levels," he said.

Shareholders were also told that BHP would continue to undertake a major exploration programme for minerals in Australia, and where possible overseas. BHP welcomed the Federal Government's new oil policies.

Sir James also disclosed the terms for the recently announced debenture issue. The group will seek a basic A$80m, with the right to accept over-subscription of up to A$20m. The rates offered are 9.7 per cent for six years, 9.8 per cent for 10 years and 9.9 per cent for 15 years. This is significantly lower than interest rates offered recently by other major industrial borrowers and takes the corporate long term rate below 10 per cent for the first time since 1973. Australia's second largest company, after BHP, CSR is currently seeking up to A$30m in a cash and conversation debenture issue offering a top rate of 10.2 per cent for eight years. It appears certain to be rushed with applications now that BHP has announced much finer rates.

Drought lowers Chamberlain earnings

By Our Own Correspondent

SYDNEY, Sept. 26.

THE agricultural machinery group, Chamberlain Holdings, suffered a reverse in 1977-78 when earnings tumbled 60.3 per cent, from A$5.78m to A$2.29m. The downturn occured despite a small increase in sales from A$98m to A$102m. The directors attributed the poor result to drought in most Australian states, combined with "fiercely competitive" market conditions, resulting in price cutting to reduce excess stocks.

Pre-tax earnings fell even more sharply than the net result, dropping from A$9.66m to A$2.35m. The bulk of the downturn came in the first half when profit slumped from A$2.9m to only A$7,000.

The directors said that conditions had improved with a marked increase in sales in the current year. There were indications that the market could return to normal marketing conditions.

The Board said Chamberlain would spend A$10m over the next five years to expand its manufacturing and assembling facilities. The U.S. machinery group Deere and Co. owns almost 30 per cent of Chamberlain.

Mitsumi drops into the red in first half

By Our Financial Staff

MITSUMI, the Japanese electrical apliances company, swung into the red in the half-year to July 31, when it recorded a taxed loss of Y420m ($2.2m), compared with a profit of Y211m in the same period of the previous year.

Sales of the company, the leading manufacturer of variable condensers, tuners and related products, rose by 6.8 per cent to Y17.21bn ($91.5m), from Y16.11bn.

Matsushita Malaysia

Continued strong demand for products of Matsushita Electric Company Berhad has boosted the company's pre-tax profits by 37 per cent to 3.9m ringgits (U.S.$1.7m) for the first half of the year, writes Wong Sulong from Kuala Lumpur. Sales rose by 16 per cent to 38m ringgits. The company said, however, that the continuous appreciation of the yen would increase the cost of raw materials, and that this would affect its profitability in the second half.

Meanwhile, the Malaysian sugar refiner and trader, Central Sugars Berhad, has disclosed it has recently incorporated a wholly-owned subsidiary in Hong Kong, to trade in commodities.

Yamanouchi sees major boost with drugs success

TOKYO, Sept. 26.

YAMANOUCHI Pharmaceutical Company, a major Japanese drug maker, expects record profits and sales in its current fiscal year, ending on December 31.

Mr. Hiroshi Shichida, head of the company's finance bureau, said that net profit was expected to total about Y3bn ($16m), up 6.8 per cent from Y2.81bn last year. Sales are projected at about Y62bn ($330m), up 9.3 per cent from Y56.72bn in the previous fiscal year.

The chief reason for the optimistic outlook, he said, was the successful marketing of the company's new drugs.

Last spring, Yamanouchi started to market "Wypax," a new tranquilliser. Other new drugs put on sale by the company so far this year are "Calcitar," designed to balance calcium in the blood; "Minilase," a digestive; and "Golblin," an immunity medicine.

Yamanouchi's national sales network includes eight branches and 27 sales offices.

Some 45 per cent of the company's medical products are sold to hospitals, 47 per cent to physicians, and 8 per cent to retail pharmacies and drugstores.

Last September, the company formed a subsidiary, Yamanouchi International, to promote overseas sales.

"The scale of overseas sales by us is not so big now. However, we expect our exports this year to increase a little from the previous year," Mr. Shichida said. Last year the company's exports totalled Y473m.

Yamanouchi products were "enjoying a high reputation among overseas pharmaceutical companies, particularly a new antibiotic, 'Josamycin,' which is patented in the U.S., Britain, West Germany and France." Finished products and bulk substances of this antibiotic were exported to many countries in Europe, North America and South East Asia, Mr. Shichida added.

"In Taiwan, both manufacturing and marketing are conducted by joint venture, Taiwan Yamanouchi Pharmaceutical." Yamanouchi has business tie-ups with Boehringer Mannheim, of West Germany, F. Hoffmann la Roche and Co. of Switzerland, Winthrop Laboratories of the U.S., Ricola of Switzerland, and Carlo Erba of Italy.

The company spent Y4.8bn on research last year, or 8.6 per cent of its overall sales, and plans to spend about the same this year.

AP-DJ

Solid growth by Barclays Discount Bank

By L. Daniel

TEL AVIV, Sept. 26.

BARCLAYS DISCOUNT Bank, a subsidiary of the Israel Discount Bank, reports that its balance sheet total rose by 47 per cent during the first half of the current calendar year to I£8.4bn ($480m). This is more than double the rate of inflation in this period. Compared with June 30, 1977, the rise was 140 per cent, against an inflation rate of 84 per cent.

The bank increased its capital funds in the first half of the year by the issue of capital notes, which brought in I£130m. of new capital, bringing the total of capital notes issued to I£248m and capital funds to I£303m. Deposits increased during the six months by 46 per cent to I£7.3bn, credit extended by 70 per cent to I£4.1bn.

Barclays Discount is continuing to expand its network of branches, now totalling 63, with three more slated to open before end-1978.

SAMSUNG ELECTRONICS OF KOREA

A name to be made in the West

BY CHARLES SMITH, FAR EAST EDITOR

NO ONE IN EUROPE and hardly anyone in the U.S. has heard of Samsung colour television sets—but they will be hearing about them soon. This Korean company (Samsung Electronics Company to give it its full name) expects to have shipped 30,000 colour TVs to North America by the end of 1978, and will be "starting on Europe" after one of the main Telefunken patents on the Pal broadcasting system expires in 1980.

Americans have not heard of Samsung because most of the sets the company exports to the U.S. bear the labels of well known U.S. department stores or, in some cases, well known U.S. electronics companies. That does not alter the fact that Samsung is turning out colour TV sets for the U.S. market so fast, these days, that stacks of them are "parked" in the open air outside its Suwon plant some 40 kilometres south of Seoul. "We are going to build a new warehouse soon," says Mr. Soo Jin Chung, chief of the planning section, "but things move so fast here that at least one part of our production and distribution system always seems to be out of step with the rest."

Samsung Electronics is one of five electronics concerns in the big Samsung conglomerate, a kind of Korean replica of the Mitsubishi group. The oldest of the five is less than ten years old, but the managers at the Suwon factory claim that already their operation is one of the largest in the world in terms of daily output of sets. The operation started in 1969 as a small scale joint venture with Sanyo Electric of Japan (which dictated marketing policy and, say the Samsung men, kept a tight grip on the supply of technology).

Three years later Samsung made a partial breakaway from the joint venture when it set up its own wholly-owned TV assembly operation. The partnership with Sanyo was finally dissolved last summer leaving Samsung in sole control of operations at Suwon. In spite of the break-up, Samsung and Sanyo continue to work side by side in a separate company which supplies components to the Suwon factory.

The rate at which production, sales, and employment levels grew while these changes were taking place makes the performance of Japan's electronics manufacturers, even in the golden age of the 1960s, look torpid. Samsung Electronics had 600 workers (roughly the number employed at the Sony colour TV plant in South Wales) when it started up independently of Sanyo in 1972. Between them these workers generated exports worth $420,000.

> **Samsung's Suwon TV operation started in 1969 as a small-scale venture with Sanyo Electric of Japan but a break was made in 1972, with the partnership being finally dissolved last summer. The rate at which the Korean company's production, sales and employment levels grew while these changes were taking place makes the performance of Japan's electronics manufacturers, even in the golden age of the 1960s, look torpid.**

At present, the plant employs 11,000 workers and exports in 1978 are likely to hit $100m. Samsung is still mainly a black and white TV manufacturer (hardly surprising since colour TV broadcasting has yet to start in Korea itself). Its production capacity for black and white sets is pitched at about 2m units for 1978, with colour capacity (started only April 1977) just touching 500,000 sets.

Almost everything that Samsung does at Suwon, or plans to do in the future, is consciously geared to catching up with or overtaking Japan. In terms of the sheer size of the operation the company claims that the Suwon factory is already ahead of any Japanese single plant, since top producers like Matsushita Electric, though ahead in total numbers of sets, divide their output among a number of different plants.

In terms of cost and quality control, the Suwon operation still diverges from the Japanese model. Costs are lower (Korean sets sell in the U.S. for 20 per cent less on average than Japanese sets) because "our wages are one-quarter to one-fifth of theirs," says the Suwon general manager, Mr. Ki-Sun Han.

Quality control is improving fast, but Samsung admits that this has yet to match the virtually flawless record of Matsushita and other top Japanese makers. "Matsushita's automatic quality control system means that they probably have a defect ratio of less than 0.05 per cent," says Mr. Han. "We should be able to challenge that when the time comes to automate our operations more fully."

That time is not yet, because of the above-mentioned disparity in Korean and Japanese labour rates, but it may not be too far off. Mr. Han notes that two years ago Samsung was receiving at least 500 applications for every 100 jobs advertised at Suwon. Last year, the ratio had shrunk to two applicants per job and since the beginning of 1978 applicants and job opportunities have been roughly at par. Suwon, in common with other factories in the huge Samsung group, has no trade union (and no intention of permitting one for the time being) but wages go up by 20 per cent to 40 per cent per year—as fast, or slightly faster, than those in other big Korean industrial groups.

Apart from quality control and price, Samsung has two other ways of measuring its performance against Japan. They are its ability to stand on its own feet in the fields of technology and in the supply of components. Samsung's black and white TV sets are now 90 per cent Korean in value terms (with about half the total coming from another group member, the Samsung Electronic Parts Company), in colour TV the situation is reversed: Japan remains overwhelmingly the main source of components. "But," says Mr. Han, "we plan to change this in two years, and when we do we will at last be ready to attack the colour TV market in Japan."

In technology, Samsung was at first wholly dependent on Sanyo and other Japanese companies but has now outgrown that stage as far as black and white sets are concerned. Negotiations for the acquisition of colour technology from Japan lasted four years and became bogged down on questions of royalty. Samsung claims that it finally designed its own colour set—though not, apparently, without the assistance of a handful of Japanese engineers who had been successfully hired away from their original employers.

Samsung claims that both Sony and Matsushita declined its offer to buy their versions of video tape recording technology (although elsewhere in the world the two have been competing strenuously to find customers for their rival systems). The Japanese industry apparently takes the view that, given the rate at which Korea and some other Asian nations are catching up in TV set manufacture, VTR had better remain a Japanese preserve for the time being. Samsung acknowledges that its progress may have received a check in this direction—but not perhaps for long. It has signed an agreement with RCA of the U.S. for the acquisition of video disc technology which could be a successful challenger to VTR.

Zung Fu lifts half-year profit and dividend

By Our Financial Staff

ZUNG FU Company, Hong Kong, the offshoot of the trading house, Jardine Matheson, increased its consolidated profit after tax and allowance for minorities by about 8 per cent in the half year to June 30, to HK$11.6m (U.S.$2.4m), or 6.4 cents a share.

The increase took place in spite of delays in shipments of Mercedes-Benz cars caused by a factory strike.

The interim dividend is raised to 2½ cents, which represents an increase of 20 per cent on the 1977 interim, after allowing for the one-for-five scrip issue in May.

All departments are performing to expectation, say the directors, and the board expects, barring unforeseen circumstances, to recommend a final dividend of not less than 3½ cents, bringing the year's dividend to 6 cents, also representing a rise of 20 per cent.

Strong increase in new Filipino share issues

MANILA, Sept. 26.

CAPITAL INVESTED in new stock isues of Philippine companies so far this year already exceeds the total for all of 1977, according to the Philippine Securities and Exchange Commission (SEC) records.

A one-for-one stock dividend by San Miguel Corporation accounts for a large part of the increase.

Paid-up capital in new ventures registered with the SEC during the first eight months of the year, together with net increases in the capital of existing businesses totalled $317.3m. In the whole of 1977, the SEC reported less than $280m of new share capital.

The stock dividend to San Miguel shareholders was completed late last month and accounted for $45.2m of this year's increase, based on the par value of 10 pesos ($1.36) a share. (San Miguel's stock trades at over 35 pesos.)

New capital registered with the SEC during the eight months included some $118m in paid-up capital of newly registered enterprises, a figure that suggests the $143.8m invested in such ventures in all of 1977 will be surpassed this year.

The rate of investment in new enterprises has declined in the last two months, however, to $11.1m in July and the same amount in August. It averaged $15.2m per month in the first half of the year.

Comparisons cannot be made between individual months of this year and last, because the SEC did not compile investment figures on a monthly basis in 1977.

New share capital in existing businesses, however, continues to expand at a greater rate than last year, the SEC figures show. In the first eight months such new capital totalled $204.2m, against less than $148m in all of 1977.

With the exclusion of San Miguel's new stock, additional capital in existing ventures was $159m in the first six months of this year, totalling $32.5m in August alone.

AP-DJ

Tasek Cement ahead despite price controls

By Wong Sulong

KUALA LUMPUR, Sept. 26.

TASEK CEMENT Berhad, the Malaysian cement manufacturer, again achieved record profits, for the financial year to June, and has declared a one-for-five scrip issue.

After-tax profits increased by 16 per cent to 9.3m Ringgits (U.S.$4.1m) despite the company's failing to obtain Government approval for a price increase in cement.

A final dividend of 10 per cent is declared, making the year's total to 17.5 per cent.

The scrip will not be eligible for the final dividend, but the company says that the annual dividend rate of 17.5 per cent is expected to be maintained on the increased capital.

The inability to persuade the Government to allow for a price increase in cement has been blamed for a decrease in profits by Tasek's competitor, Malayan Cement Berhad, half-year pre-tax profits of which fell by 18 per cent to 2.34m Ringgits (U.S.$1m).

THIS ANNOUNCEMENT APPEARS AS A MATTER OF RECORD ONLY

BANK SAKHTEMAN
[CONSTRUCTION BANK]

U.S. $50,000,000
MEDIUM TERM CREDIT FACILITY

MANAGED BY

CHASE MANHATTAN LIMITED
AMSTERDAM-ROTTERDAM BANK N.V.
BANK MELLI IRAN
CHEMICAL BANK INTERNATIONAL LIMITED
CREDIT SUISSE
THE FUJI BANK, LIMITED
MIDLAND BANK LIMITED
NATIONAL WESTMINSTER BANK LIMITED
THE TOKAI BANK, LIMITED

AGENT

THE CHASE MANHATTAN BANK, N.A.

14th SEPTEMBER, 1978

This announcement appears as a matter of record only.

Mineracao Vale do Paranaiba S.A.
(VALEP)
Subsidiary of Companhia Vale do Rio Doce

U.S. $30,000,000
Medium Term Loan

Guaranteed by
The Federative Republic of Brazil

Managed by
Chemical Bank International Limited
Libra Bank Limited

Provided by
Banco Nacional S.A. (Brazil)
Canadian Commercial and Industrial Bank
Chemical Bank
Cooperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Centrale Rabobank)
European Brazilian Bank Limited – EUROBRAZ
Libra Bank Limited
The Mercantile Bank of Canada
National Bank of North America
Northland Bank
The Royal Bank of Canada

Agent
Chemical Bank

August, 1978

Currency, Money and Gold Markets

Dollar recovers early losses

The dollar rose quite sharply in thin late trading, to finish around its best level of the day against most major currencies, and slightly firmer than Monday's closing levels in some cases. The U.S. currency touched a low point of DM 1.9290 against the D-mark around lunchtime, but closed at DM 1.9452½, compared with DM 1.9422½ on Monday. The dollar also fell to a record SwFr 1.4510 in terms of the Swiss franc at the same time, before closing at SwFr 1.4845, compared with SwFr 1.4910 previously. The Swiss franc's appreciation continued to rise, touching a record 110.3 per cent, compared with 108.6 per cent previously, according to Morgan Guaranty of New York, while the dollar's depreciation improved to 9.2 per cent from 9.4 per cent.

Market sources could suggest no particular reason for the dollar's late improvement, apart from possible central bank intervention in a thin market.

Sterling opened at $1.9700-$1.9710 and touched $1.9840-1.9850 at lunch, before reaching a high point of $1.9865-1.9875 in the early afternoon. As the dollar recovered, the pound fell to a low point of $1.9675-1.9685, and closed at $1.9710-1.9720, a fall of 40 points on the day. Sterling's trade-weighted index, as calculated by the Bank of England, fell to 62.7 from 62.8, after touching 62.9 at noon and opening at 62.8. Forward sterling remained weak, with the three-month discount against the dollar widening to 1.78 cents from 1.70 cents.

Weaker members of the European currency snake probably required some official support during the day.

NEW YORK—The dollar firmed against major currencies in early trading, reflecting profit-taking after the recent sharp fall. The statement by Mr. Michael Blumenthal, the Treasury Secretary, that the administration expects an improvement in the U.S. current account deficit next year also provided some help.

FRANKFURT—The Bundesbank did not intervene when the dollar was fixed at DM 1.9336 yesterday, compared with DM 1.9490 on Monday. This was the second lowest fixing level ever for the dollar, and was sharply lower than the opening level of DM 1.9470. The lowest level ever touched was DM 1.9290 at the fixing on August 15, while the dollar's performance against the Swiss franc yesterday was even worse than the rate against the D-mark. This pushed the Swiss currency to a record high in terms of the D-mark, as it was fixed at DM 1.3270, up from Monday's record level of DM 1.2926. This led to suggestions that the German currency is now greatly undervalued. The Dutch guilder was fixed at DM 92.00 per 100 guilders, slightly above its intervention point of DM 91.995.

BRUSSELS—The Belgian franc was fixed at BFr 15.767 against the D-mark yesterday, slightly above its floor of BFr 15.765 under the terms of the European currency snake, but weaker than Monday's level of BFr 15.749. Anticipation of a rise in the Belgian central bank discount rate, following the move by Holland, may have prevented the Belgian franc weakening further against the D-mark, while the continuing strength of the German currency pushed the Belgian franc to a record level against the dollar. The dollar was fixed at a record low of BFr 30.4475, compared with BFr 30.70 on Monday, and the French franc also lost ground against the Belgian currency when it was fixed at BFr 6.9905, compared with BFr 7.00 previously.

MILAN — The Swiss franc touched another all-time high against the lira at the fixing, jumping 3 per cent to L563.30, compared with L546.5 on Monday. The D-mark also reached a record level, at L425.83 against L423.86 previously. The dollar was fixed at L823.05, down from L826.05 on Monday, and the yen was slightly lower, but the guilder, sterling, and Scandinavian currencies were all firmer against the lira. Trading was normal, with the Bank of Italy selling $3m out of the $12.0m traded at the fixing.

AMSTERDAM—the dollar was fixed at Fl 2.0990, compared with Fl 2.1185 previously.

TOKYO — The dollar closed slightly firmer against the Japanese yen, helped by initial reaction to President Carter's speech at an International Monetary Fund meeting in Washington. The dollar opened at Y187.60, its low for the day, and rose to a high point of Y188.90, before closing at Y188.62½, compared with Y187.82½ on Monday. Spot volume was $441m, and forward and swap trading totalled $776m.

THE POUND SPOT / FORWARD AGAINST £

Sept. 26	Bank rate %	Day's Spread	Close	One month	% p.a.	Three months	% p.a.
U.S. $	8	1.9675-1.9875	1.9710-1.9720	0.75-0.65c pm	4.26	1.83-1.75c pm	3.61
Canadian $	9½	2.3280-2.3400	2.3285-2.3315	0.85-0.55c pm	4.55	2.25-2.15c pm	[illegible]
Guilder	5½	4.16-4.18½	4.17¼-4.18¼	2⅛-1⅛c pm	6.38	5⅛-4⅛c pm	4.78
Belgian F.	6	60.30-60.85	60.40-60.50	25-15c pm	3.97	55-45c pm	3.97
Danish K.	8	10.59-10.65	10.59½-10.60½	par-2 ore dis	-1.13	3-5 ore dis	-1.60
D-Mark	3	[illegible]	[illegible]	5¼-3¼ pf pm	10.16	[illegible] pf pm	9.50
Port. Esc.	18	88.50-89.70	88.60-89.10	50-150c dis	-13.51	200-450c dis	-14.65
Span. Pes.	8	142.70-143.80	142.70-142.80	25-125c dis	-6.25	150-250c dis	-5.60
Lira	10½	1,622-1,636	1,627¼-1,628¼	4½-6½ lire dis	-5.62	12-16 lire dis	-5.61
Norwgn. K.	7	10.15-10.19	10.16¼-10.17¼	2 ore pm-par	1.19	4¼-2¾ ore pm	1.58
French Fr.	9½	8.59-8.68	8.66-8.68	3¼-2¼c pm	4.52	[illegible] c pm	6.71
Swedish Kr.	6½	8.67½-8.71	8.69¼-8.70¼	4-2 ore pm	4.14	10-8 ore pm	4.14
Yen	3½	370-378	372½-374½	3.75-3.40y pm	10.84	9.60-9.25y pm	10.04
Austria Sch.	4½	27.70-27.90	27.70-27.80	17-7 gro pm	5.19	40-30 gro pm	6.04
Swiss Fr.	1	2.86-2.97	2.92½-2.93½	3¼-2¼c pm	12.80	[illegible]	12.15

Belgian rate is for convertible francs. Financial franc 62.95-63.05.

Six-month forward dollar 3.35-3.25c pm. 12-month 5.75-5.65c pm.

THE DOLLAR-SPOT / FORWARD AGAINST $

September 26	Day's spread	Close	One month	% p.a.	Three months	% p.a.
Canad'n $*	84.84-84.94	84.90-84.93	0.01c dis-0.01c pm	—	0.01c dis-0.02c pm	0.02
Guilder	2.1060-2.1185	2.1170-2.1185	0.30-0.23c pm	2.02	0.74-0.64c pm	1.79
Belgian Fr	30.50-30.69½	30.64-30.69	1c dis-1c pm	—	3c pm-par	0.65
Danish Kr	5.3550-5.3805	5.3760-5.3775	2.00-2.50ore dis	−5.02	6.25-6.75ore dis	−4.83
D-Mark	1.9355-1.9515	1.9495-1.9515	1.00-0.95pf pm	5.63	2.97-2.92pf pm	5.98
Port. Esc	45.25-45.55	45.30-45.56	25-145c dis	−22.45	90-400c dis	−21.57
Lira	823.20-826.20	823.25-823.75	4.00-4.90lire dis	−6.20	10½-11½lire dis	−5.21
Nrwgn. Kr	5.1330-5.1580	5.1570-5.1580	0.70-1.20ore dis	−2.21	2.10-2.60ore dis	−1.82
French Fr	4.3550-4.3890	4.3750-4.3850	0.17-0.02c pm	0.64	0.25-0.10c pm	0.32
Swedish Kr	4.3915-4.4060	4.4050-4.4060	0.50-0.30ore pm	1.09	1.30-1.10ore pm	1.09
Yen	188.15-189.20	189.00-189.20	1.20-1.10y pm	6.73	3.20-3.10y pm	6.56
Austria Sch	14.09½-14.11	14.09½-14.11	4.00-3.00gro pm	2.98	10.00-7.50gro pm	2.48
Swiss Fr	1.4615-1.5000	1.4190-1.5000	1.09-1.05c pm	8.22	3.25-3.21c pm	8.64

* U.S. cents per Canadian $.

CURRENCY RATES

September 26	Special Drawing Rights	European Unit of Account
Sterling	0.649388	0.663826
U.S. dollar	1.27884	1.30733
Canadian dollar	1.50417	1.53421
Austrian schilling	[illegible]	18.4401
Belgian franc	39.2604	40.1349
Danish krone	6.87857	7.02550
Deutsche Mark	2.49304	2.54794
Guilder	2.70922	2.77800
French franc	5.61283	5.73913
Lira	1056.32	1079.96
Yen	239.655	245.925
Norwegian krone	—	6.75385
Peseta	93.0900	95.8051
Swedish krona	5.63521	5.75906
Swiss franc	1.92849	1.97000

CURRENCY MOVEMENTS

September 26	Bank of England Index	Morgan Guaranty changes %
Sterling	62.70	− 41.8
U.S. dollar	83.90	− 9.2
Canadian dollar	79.79	− 17.6
Austrian schilling	141.16	+ [illegible]
Belgian franc	111.74	+ 13.2
Danish krone	116.83	+ 5.3
Deutsche Mark	143.43	+ 36.9
Swiss franc	219.11	+110.3
Guilder	120.62	+ 17.5
French franc	97.93	− 6.3
Lira	56.08	− 47.1
Yen	153.63	+ 51.9

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

OTHER MARKETS

Sept. 26	£	$		£ Note Rates
Argentina Peso	1.703-1.707	863.81-863.84	Austria	27.50-28.50
Australia Dollar	1.7041-1.7081	0.8636-0.8647	Belgium	62.70-63.30
Finland Markka	7.96-7.9850	4.0330-4.0350	Denmark	10.55-10.70
Brazil Cruzeiro	37.42-38.42	18.98-19.49	France	8.60-8.70
Greece Drachma	71.421-73.168	36.23-37.11	Germany	3.80-3.90
Hong Kong Dollar	9.357-9.39	4.7500-4.7560	Italy	159-1640
Iran Rial	136-142	69.98-72.03	Japan	371-381
Kuwait Dinar (KD)	0.530-0.540	0.2685-0.2739	Netherlands	4.12-4.22
Luxembourg Franc	60.40-60.50	30.60-30.67½	Norway	10.12-10.22
Malaysia Dollar	4.50-4.5150	2.281-2.286	Portugal	89-104
New Zealand Dollar	1.8510-1.8580	0.9383-0.9410	Spain	142½-147½
Saudi Arabia Riyal	6.50-6.60	3.2970-3.3477	Switzerland	2.90-3.00
Singapore Dollar	4.5924-4.6050	2.3325-2.3340	United States	1.97-1.99
South African Rand	1.7150-1.7250	0.8699-0.8750	Yugoslavia	38.00-41.00

Rate given for Argentina is free rate.

EXCHANGE CROSS RATES

Sept. 26	Pound sterling	U.S. Dollar	Deutsche Mark	Japanese Yen	French Franc	Swiss Franc	Dutch Guilder	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.972	3.843	373.5	8.618	2.928	4.178	1623	2.331	60.45
U.S. Dollar	0.507	1.	1.949	189.4	4.371	1.485	2.119	823.2	1.177	30.66
Deutsche Mark	0.260	0.513	1.	97.20	2.243	0.762	1.087	422.4	0.604	15.73
Japanese Yen 1,000	2.677	5.278	10.29	1000.	23.07	7.838	11.18	4346.	6.214	161.8
French Franc 10	1.160	2.288	4.460	433.4	10.	3.397	4.848	1883.	2.693	70.15
Swiss Franc	0.342	0.673	1.313	127.6	2.944	1.	1.427	554.4	0.793	20.65
Dutch Guilder	0.239	0.472	0.920	89.41	2.063	0.701	1.	388.5	0.556	14.47
Italian Lira 1,000	0.616	1.215	2.368	230.1	5.310	1.804	2.574	1000.	1.430	37.25
Canadian Dollar	0.431	0.849	1.656	160.9	3.715	1.261	1.800	699.3	1.	26.04
Belgian Franc 100	1.654	3.261	6.356	617.9	14.26	[illegible]	6.911	2685.	3.840	100.

EURO-CURRENCY INTEREST RATES*

Sept. 26	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
†Short term	12-12½	8⅝-8⅞	8¼-9¼	6½-6¾	½-1½	3⅛-3⅜	7½-7¾	17-27	—	3½-4½
7 day's notice	12¾-13¼	8½-8¾	8¼-9¼	7-7¼	1⅛-1⅜	3⅛-3⅜	7½-7¾	18-22	9⅛-9⅜	3¾-4¼
Month	12¾-13¼	9-9¼	8⅞-9¼	7⅝-7⅞	[illegible]	3⅜-3⅝	8⅛-8⅜	18-20	9-9⅛	2⅞-2⅞
Three months	12¾-13¼	9⅛-9⅜	9¼-9⅝	8⅛-8⅜	½-⅝	3⅞-3⅝	9½-9⅝	15½-16½	9⅛-9⅜	2⅞-3
Six months	13-13½	9¾-10	9⅜-9⅝	8-8¼	¾-1	3⅝-3⅞	9⅞-10⅛	15½-16½	9⅜-9⅞	3¼-3⅝
One year	12¾-13¼	9¾-10	9⅝-9⅞	8-8¼	1⅛-1⅜	3¾-3⅞	10⅛-10⅝	16-17	9¾-9⅞	3⅛-3⅞

The following nominal rates were quoted for London dollar certificates of deposit: One month 8.95-8.98 per cent; three months 9.10-9.20 per cent; six months 9.40-9.50 per cent; one year 9.65-9.55.

Long-term Eurodollar deposits: Two years 9⅝-9⅞ per cent; three years 9⅝-9⅞ per cent; four years 9⅝-9⅞ per cent; five years 9⅝-9⅞ per cent nominal closing rate. Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two days' call for guilders and Swiss francs. Asian rates are closing rates in Singapore.

INTERNATIONAL MONEY MARKET

Fed holds down rates

The U.S. Federal reserve entered the market yesterday to provide temporary reserves by making overnight and two-day repurchase orders. The current tight conditions appear to be a result of particularly heavy tax payments and it is not likely that the authorities will be able to relieve the situation for some days to come. Although Federal funds were trading up to 9¼ per cent at one point it is still believed that the Fed. is aiming for a target rate of 8⅞ per cent.

Thirteen-week Treasury bills were quoted at 8.07 per cent Compared with an average 8.106 per cent at Monday's auction while 26-week bills rose to 8.30 per cent from 8.276 per cent at the auction. One-year bills were also up at 8.18 per cent from 8.17 per cent late on Monday.

AMSTERDAM — The official Dutch call money rate was raised to 5¾ per cent from 4¾ per cent following Monday's rise from 4½ per cent to 5½ per cent in the Bank Rate. Interbank money market rates were sharply firmer with one-month money at 7¾-7⅞ per cent from 6¾-6⅞ per cent and three-month at 8-8¼ per cent compared with 7-7¼ per cent. The six-month rate was also firmer at 8-8¼ per cent compared with 7¼-7½ per cent.

BRUSSELS—The rate on four-month bond fund papers was raised to 7.5 per cent from 7.25 per cent at Tuesday's auction. This follows Monday's increase in one to three-month Treasury certificates and there is now a stronger feeling that the discount and lombard rates will be raised from their present level of 6 per cent at today's Central Bank meeting. This is further substantiated by a rise in the Dutch discount rate, since the Belgian franc and the Dutch guilder have been trading on or around their lowest permitted levels against the D-mark within the European "snake."

Deposit rates for Belgian franc (commercial) were unchanged for one-month at 7¼ per cent while longer-term rates were firmer. Three-month deposits rose to 7⅞ per cent from 7½ per cent on Monday while the six-month rate was quoted at 8 per cent against 7⅞ per cent. Twelve-month deposits were also firmer at 8¼ per cent from 7⅞ per cent previously.

PARIS—Day-to-day credit was slightly firmer at 7⅛ per cent from 7 per cent on Monday. Longer term rates were also up at 7⁵⁄₁₆-7⁷⁄₁₆ per cent from 7¼-7⅜ per cent for one-month and 7⅜-7⅝ per cent against 7⅜-7½ per cent for three-month. Six-month money rose to 8-8⅛ per cent from 7¾-7⅞ per cent and the 12-month rate was up at 8⅛-8⅜ per cent from 8⅛-8¼ per cent.

FRANKFURT—Interbank money market rates were little changed from the previous day at 3.5-3.55 per cent for call money through to 4.15-4.25 per cent for 12-month.

HONG KONG—Conditions in the money market were easy with call money at 6½ per cent and overnight business dealt at 6 per cent.

GOLD

Weaker tendency

Gold fell $2¼ to close at $217-217½. It opened at the same level and was fixed at $219.10 (£110.768) in the morning—a record for any fixing—before touching a high point of $219¾-$220¼. The metal then declined steadily, and was fixed at $218.25 (£110.450) in the afternoon.

In Paris the 12½ kilo gold bar was fixed at FFr 29,980 per kilo ($216.77 per ounce) yesterday afternoon, compared with a record FFr 30,250 ($215.11) in the morning, and FFr 30,000 ($212.59) Monday afternoon. In Frankfurt the 12½ kilo bar was fixed at DM 13,650 ($219.38 per ounce), compared with DM 13,590 ($216.94) previously.

	Sept. 26	Sept. 25
Gold Bullion (a fine ounce)		
Close	$217-217½	$219¼-220¼
Opening	$217-217½	$217-217½
Morning fixing	$219.10 (£110.768)	$216.65 (£109.958)
Afternoon fixing	$218.25 (£110.450)	$218.40 (£110.668)
Gold Coins domestically		
Krugerrand	$225½-227½ (£114¼-115¼)	$226½-228½ (£114¾-115½)
New Sovereigns	$61¼-64 (£31-32½)	$62½-64½ (£31¾-32½)
Old Sovereigns	$80½-82½ (£40¾-41¾)	$81½-82½ (£41¼-42½)
Gold Coins internationally		—
Krugerrand	$225½-226½ (£114¼-114¾)	$226¼-227¼ (£114¾-115¼)
New Sovereigns	$60-62 (£30½-31½)	$59¾-60½ (£30¼-30¾)
Old Sovereigns	$80-82 (£40½-41½)	$81½-82½ (£41¼-41¾)
$20 Eagles	$311-315	$312½-316½
$10 Eagles	$166-169	$167-170
$5 Eagles	$116-119	$117-120

UK MONEY MARKET

Extremely large assistance

Bank of England Minimum Lending Rate 10 per cent (since June 8, 1978)

The supply of day-to-day credit did not appear to be as short as originally projected in yesterday's London money market. Nevertheless, the authorities gave an extremely large amount of assistance by buying a very large amount of Treasury bills and a moderate sum of corporation bills all direct from the discount houses. This appeared to be well overdone and houses were paying between 5 per cent and 6 per cent for secured call loans during the latter part of the day. The market was faced with the repayment of 1 per cent of special deposits and a modest excess of revenue payments to the Exchequer over Government disbursements. There was also a very slight increase in the note circulation.

On the other hand banks brought forward balances a modest way above target and there was a number of Treasury bills maturing outside official hands as well as the redemption of Exchequer 5 per cent 1976-78.

In the interbank market overnight loans opened at 9¼-9½ per cent and rose on the forecast of a shortage to 9½-9¾ per cent. Rates then tended to ease to around 8½-8¾ per cent before firming slightly to 9-9¼ per cent. However, closing balances were taken at 5-6 per cent.

Rates in the table below are nominal in some cases.

LONDON MONEY RATES

Sept. 26 1978	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills ϕ	Eligible Bank Bills ϕ	Fine Trade Bills ϕ
Overnight	—	5-9¾	—	—	—	9⅝-9¾	5-9	—	—	—
2 days notice	—	—	9-9⅛	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	9⅛	—	—	—	—
7 days notice	—	9-9⅝	9-9⅛	—	9-9⅛	—	8½-9	—	—	—
One month	9¼-9⅛	9⅛-9⅛	9¼-9⅝	9⅜-9⅝	9⅛-9⅜	9⅝	8⅞-9	8⅞-8⅞	9⅛-9⅜	9½
Two months	9⅝-9¾	9½-9⅝	—	9⅝-9⅝	9½-9⅝	—	9	[illegible]	9⅛-9⅜	9½
Three months	9½-9⅝	9½-9⅝	9¼-9⅜	9⅝-9⅝	9⅝-10	10	9⅛	8⅞-9	9⅛	9⅝
Six months	9⅞-9⅞	9⅞-10	9⅞-10	9½-9¾	9⅞-10	—	—	—	9⅞	9⅞
Nine months	9⅞-9⅞	9⅞-10⅛	—	9⅞-10¼	9⅞-10⅛	—	—	—	—	—
One year	9⅞-9⅞	10-10⅛	9⅞-10	10-10¼	10⅛-10⅜	—	—	—	—	—
Two years	—	—	10¾-11	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. * Longer-term local authority mortgage rate nominally three years 11¼-11½ per cent; four years 11½-12 per cent; five years 12-12½ per cent. ϕ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 9⁵⁄₁₆ per cent; four-month trade bills 9⅝ per cent.

Approximate selling rates for one-month Treasury bills 8²⁵⁄₃₂ per cent; and two-month 8²⁷⁄₃₂-8⅞ per cent; three-month 8²⁹⁄₃₂ per cent. Approximate selling rate for one-month bank bills 9⁵⁄₃₂ per cent; two-month 9⁵⁄₃₂-9³⁄₁₆ per cent; and three-month 9⁵⁄₃₂-9¼ per cent. One-month trade bills 9 per cent; two-month 9⅜ per cent; and also three-month 9⅜ per cent.

Finance House Base Rates (published by the Finance Houses Association) 10 per cent from September 1, 1978. Clearing Bank Deposit Rates (for small sums at seven days' notice) 6.5 per cent. Clearing Bank Base Rates for lending 10 per cent. Treasury Bills: Average tender rates of discount 8.9067.

MONEY RATES

NEW YORK

Prime Rate	9.5-9.75
Fed Funds	9.125
Treasury Bills (13-week)	8.07
Treasury Bills (26-week)	8.30

GERMANY

Discount Rate	3
Overnight	3.5
One month	3.525
Three months	3.75
Six months	4.00

FRANCE

Discount Rate	9.5
Overnight	7
One month	7.375
Three months	7.5625
Six months	8.0625

JAPAN

Discount Rate	3.5
Call (Unconditional)	4.125
Bills Discount Rate	4.625

These Notes have all been sold and this announcement appears as a matter of record only.

26th September, 1978.

Empresa Nacional del Petróleo, S.A.
("ENPETROL")

U.S. $25,000,000
Floating Rate Notes Due 1986
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	Nine Months Ended June 30 1978	Years Ended September 30 1977	1976	1975	1974	From Inception To September 30, 1973
Sales	$191,226,000	$214,151,000	$205,147,000	$136,685,000	$101,812,000	[illegible]
Net income	$ 12,142,000	$ 13,493,000	$ 10,803,000	$ 6,554,000	$ 3,417,000	[illegible]
Earnings per share	$ 2.23	$ 2.72	$ 2.27	$ 1.55	$ .85	[illegible]
Working capital		$ 40,103,000	$ 37,974,000	$ 22,987,000	$ 22,573,000	[illegible]
Long-term liabilities		$ 15,503,000	$ 26,157,000	$ 18,947,000	$ 17,186,000	[illegible]
Stockholders' equity		$ 75,381,000	$ 54,009,000	$ 43,019,000	$ 29,520,000	[illegible]
Shares outstanding at year-end		5,148,000	4,610,000	4,587,000	3,975,000	3,560,000

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375,000	in Ordinary shares of 5p each	295,458.75

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27th September, 1978.

WORLD STOCK MARKETS

Dow up 6 on Blumenthal trade forecast

INVESTMENT DOLLAR PREMIUM
$2.60 to £1—90¼% (88¾%)
Effective $1.9715 41½% (43%)

[A]SSISTED BY encouraging remarks on the longer-term trade outlook from U.S. Treasury Secretary Michael Blumenthal, Wall Street staged a technical rally in fairly active trading yesterday.

Analysts said the market was looking for a reason to move higher after two weeks of steep declines, but some of the gain was lost late in the session after Wage and Price Council director Barry Bosworth said inflation has worsened and there are no immediate remedies. He added that the Consumer Price Index report, released yesterday morning, which showed a 0.6 per cent gain in August, was not very encouraging.

The Dow Jones Industrial Average closed 5.81 firmer at 868.16, after touching 872.66, while the NYSE All Common Index gained 43 cents at $57.81 and rises outscored declines by 987 to 469. Turnover expanded to 26.33m shares from Monday's low level of 20.97m.

The outlook for the natural gas Bill improved slightly as a leading opponent said he thought the Bill would be passed by the Senate today and move to the House.

Petroleum stocks strengthened, helped by Senate Finance Committee chairman Long's ruling out of Congressional approval for President Carter's crude oil tax. Texaco put on ¾ to $24¾ and Exxon ¾ to $51½, both in active trading. **Atlantic Richfield** rose 1¾ to $52¾, *Phillips Petroleum* 1¾ to $33 and Ashland Oil ¾ to $43¾. An Ashland unit wishes to start a commercial scale coal liquefaction plant.

Pacific Petroleum added 3½ at $38 in heavy dealings. Government-owned Petro-Canada denied market rumours that it is considering a take-over of Pacific Petroleum.

Carrier led the actives list and rose $1 to $27½. The Board denied that any company other than United Technologies is interested in tendering for Carrier. **United Technologies**, which is offering $28 for each Carrier share, were unchanged at $42¾.

Del Monte, which has agreed to a take-over by **Reynolds Industries** for a consideration of $620m, jumped 3½ to $44. **Reynolds** *gained* ⅞ to $61⅞.

Olinkraft climbed 3½ to $54½. Directors are taking no action on a proposal by **Johns-Manville** to buy 49 per cent of Olinkraft for $57 a *share* pending a management study of the bid. **Johns-Manville** hardened ¾ to $31½.

THE AMERICAN SE *Market* Value Index improved 1.46 to 168.25. Volume 3.05m shares (3.14m).

Syntex, which has agreed to revised merger terms from Den-Tal-Ez, added $1 at $34¾. Den-Tal-Ez were unchanged at $19¾.

Canada

A strong Oils sector led markets into higher ground yesterday in an active business. The Toronto Composite Index moved *ahead 10.7 to 1,270.5, while Oils* and Gas rose 39.0 to 1,719.7, Metals and Minerals 12.5 to 1,089.1 and Utilities 1.06 to 191.6. Banks, however, retreated 1.04 more to 288.90 and Golds shed 4.3 to 1,669.3.

Trans-Canada Resources added a cent at C$2.02 on nine-month results, while **Madsen Red Lake Gold**, which plans a special dividend payout, picked up 2 cents to 89 cents.

Tokyo

Share prices tended to make fresh headway in moderate activity, leaving the Nikkei-Dow Jones Average up 31.86 more at a new post-war record peak of 5,693.92. The Tokyo SE index gained a further 2.01 at 429.92, while volume expanded to 230m shares from Monday's low level of 160m.

Stocks with good earnings prospects led the market, continuing to respond to a Press report that about 25 per cent of Japanese concerns listed on the Tokyo, Osaka and Nagoya stock exchanges would probably have record profits this year.

Prominent gains occurred in Light Electricals and middle-class Blue Chips, while Foods, Textiles, *Paper-Pulps, Photofilms and small-*sized Steels advanced on institutional buying.

Pioneer Electronic rose Y90 to Y1,780, **Nissan Motor** Y15 to Y705, **Ricoh** Y20 to Y593, **Matsushita** *Electric* Y11 to Y732, **Heiwa Real** Estate Y30 to Y665, and **Canon** Y8 to Y455.

Yokogawa Bridge Works advanced Y140 to Y1,540, **General Sekiyu** Y100 to Y1,090, **Japan Security Patrol** Y80 to Y2,490, *Tokai Rika* Y60 to Y860 and **Toyo Suisan Kaisha** Y41 to Y388.

In contrast, recent market favourites such as Pharmaceuticals turned lower, with **Mochida Pharmaceutical** receding Y60 to Y1,620, **Yoshitomi Pharmaceutical** Y43 to Y780 and **SS. Pharmaceutical** Y30 to Y710.

Germany

Market took its advance a stage further in lively trading, the Commerzbank index rising 4.8 further to a new eight-year high of 846.7.

There were sizeable buying orders from both Germany and abroad, with the dollar's weakness prompting many of the foreign orders on the prospect of capitalising on foreign exchange gains.

Also providing an uplift was renewed confidence of an upsurge in German economic growth this year.

Leading the advance was the Stores sector and also companies that will probably share in China's DM 8bn coal industry order to German industry.

Among Stores, **Karstadt** *gained* 4 to DM 330 and **Kaufhof** 2.50 to DM 244.

Demag advanced 4.50 to DM 178 and **Krupp-Huette** 5 to DM 128, being among the concerns expected to benefit from the Chinese order.

In Electricals, **BBC** rose DM 4.50, while Motors had **Volkswagen** up DM 2.60, but leading Chemicals were slightly easier against the general trend.

The Domestic Bonds market was in the wake of the successful Kassenobligation tender, but with liquidity short, turnover was fairly light. Gains of up to 25 pfennigs were recorded and the Regulating Authorities channelled a nominal DM 17.1m of paper into the market, against DM 14.2m sales the previous day. Mark Foreign Loans were quietly steady.

Paris

After fresh early gains, stock prices reacted on profit-taking and finished on a mixed note, with later sentiment adversely affected by a rise of ¼ to 7¼ per cent in the Call Money rate. Trading remained very active throughout the session.

There were a number of selective bright spots on the day, however, notably **Alsacienne-Supermarches**, which rose about 20 per cent., **Penarroya**, up 10 per cent and *Imetal*, 7 per cent higher. Other good performers included **Viniprix, Beghin, Peugeot**, **pre-natal, Gle-Enterprise, Saunier-Duval, Presses-Cite** and **Gle** *Industrie et de Participations*.

Losses of 3 per cent or more were sustained by **Cetelem, Locabail, Martel, Kleber, Tales, BHV, Printemps, Paris-France, Matra, Creusot, Elf-Gabon, Dollfus, Maritime-Chargeurs and BIC.**

Switzerland

Bourse prices fell afresh on heavy selling following the continued sharp rise of the Swiss franc against other currencies in a prolonged Settlement's Day session. The Swiss Bank Corporation Industrial index dropped 8.6 more to a low for the year of 261.6.

Export-orientated stocks took the brunt of the decline, with Bearer stocks showing the largest losses. Some issues fell to their lowest point for several years, including **Ciba-Geigy, Sulzer** and **Alusuisse**.

Nestle Bearer retreated 80 to SwFr 2,970—the company will almost certainly report a decline in group sales this year, managing director Arthur Fuerer stated.

Australia

Most attention yesterday was directed towards Oil stocks, which strengthened in response to an announcement of a new oil discovery *in the Cooper Basin* in Queensland.

Leader of the drilling consortium, **Santos**, which holds a 35 per cent interest in the well, advanced 23 cents to A$2.00. **Crusader**, which holds 30 per cent, rose 35 cents to 85 cents, with the contributing shares marked up 40 cents to 75 cents. **Vamgas** added 15 cents at 90 cents, while other oil stocks to improve included **Bridge Oil, Weeks Petroleum, Offshore Oil** and **Woodside**.

Minings were irregular, but with selected Uraniums attracting support after the recent reaction on the Ranger uranium project problems. **Peko-Wallsend** picked up 12 cents to A$6.08, **Pancontinental** 40 cents to A$12.90 and **Kathleen Investments** 5 cents to A$2.65.

Among Coals, **White Industries** rose 15 cents to A$4.90 and **Howard Smith** 5 cents to A$4.25.

Bougainville Copper gained 4 cents to A$1.52, but **CRA** came back 3 cents to A$3.76.

Industrials remained firmer-inclined, but **BHP** shed 2 cents to A$5.92.

In Transports, **TNT** gained 2 cents to A$1.30 despite reporting on Monday its first earnings setback for 17 years.

Banks and Finance issues were mainly in easier mood, with **BNS Wales** losing 10 cents more to A$7.84.

Hong Kong

Following London's strong overnight lead, stocks recouped further ground in moderate trading, with Blue Chips leading the way on fresh bargain hunting. The Hang Seng index closed 13.74 higher at 632.47.

Hong Kong Land climbed 50 cents to HK$12.20, **Jardine Matheson** 40 cents to HK$17.40 and **Hong Kong Bank** 20 cents to HK$20.70.

Outside the leaders, **KMB** put on 10 cents to HK$5.35, **New World** also 10 cents to HK$2.85 and **Windsor** and **Hong Kong Wharf** HK$2 to HK$34.

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax.
◆ DM 50 denom unless otherwise stated, yields based on net dividends plus tax.
♥ Pta 500 denom unless otherwise stated.
♣ DKr 100 denom unless otherwise stated.
† SwFr 500 denom and Bearer shares unless otherwise stated. ¶ Y50 denom unless otherwise stated. § Price at time of suspension. a Florins. b Schillings. c Cents. d Dividend after pending rights and/or scrip issue. e Per share. f Francs. g Gross div %. h Assumed dividend after scrip and/or rights issue. k After local taxes. m % tax free. n Francs, including Unilac div. p Nom. q Share split. s Div and yield exclude special payment. t Indicated div. u Unofficial trading. v Minority holders only. w Merger pending. * Asked. † Bid. § Traded. ‡ Seller. z Assumed. xr Ex rights. xd Ex dividend. xc Ex scrip issue. xa Ex all. Δ Interim since increased.

NEW YORK

1 Bid. ‡ Asked. † Traded. || New stock.

EUROPEAN OPTIONS EXCHANGE

Series		Oct. Vol.	Oct. Last	Jan. Vol.	Jan. Last	Apr. Vol.	Apr. Last	Stock
ABN	F.370	5	5		—	—	—	F.374.40
ABN	F.380	—	—	8	11	—	—	
AKZ	F.27.50	—	—	—	—	20	6.40	F.31.30
AKZ	F.30	10	3	30	5.40		—	
AKZ	F.32.50	20	0.90	41	2.70	21	3.70	..
AKZ	F.35	—	—	—	—	70	2.20	
ARB	F.75	—	—	10	6	—	—	F.78.60
ARB	F.85	—	—			2	3.50	..
HO	F.32.50	—	—	6	6.90	—	—	F.37
HO	F.35	—	—	4	4.50	—	—	
HO	F.37.50	—	—	22	4.50	—	—	..
HO	F.40	—	—	—	—	5	3.90	..
HO	F.45	—	—	—	—	10	2.20	..
IBM	$260	—	—	2	28¼		—	$280⅛
IBM	$280	27	6⅜	—	—	5	22	..
IBM	$300	20	1½	—	—	21	14⅞	..
KLM	F.133.30	—	—	2	32	—	—	F.163.50
KLM	F.142.90	—	—	2	25	—	—	..
KLM	F.150	—			—	5	26	..
KLM	F.152.40	13	12	5	19	—		..
KLM	F.160	—		8	14	15	20	..
KLM	F.161.90	15	5.50	44	13	—		..
KLM	F.170	—		7	9.50	15	14	..
KLM	F.171.40	3	1.50	16	9.50	—	—	..
KLM	F.181	18	0.60	16	5.80	—	—	..
KLM	F.190.50	—	—	42	3.50	—	—	..
KLM	F.209.50	—	—	10	1.80	—	—	..
NN	F.108.90	—	—	28	8	—	—	F.113.80
NN	F.110	—	—	—	—	1	12.50	..
NN	F.118.90	—	—	5	4.40	—	—	
PHI	F.22.50	—	—	—	—	5	6.50	F.27.80
PHI	F.25	25	2.90	—	—	36	5.40	
PHI	F.27.50	170	0.90	192	2.10	61	3.40	..
PHI	F.30	—	—	102	1.10	84	2.30	..
PRD	$50	—	—	—	—	1	8	$50
RD	F.130	64	3.70	29	7	20	9.60	F.133.20
RD	F.140	1	0.10	—	—	38	3.90	
UNI	F.130	—	—	11	2.50	—	—	F.125.60
XRX	$60	—	—	5	3⅛	—	—	$54⅞
		Nov.		Feb.		May		
OXY	$25	—	—	5	∞	—	—	$19⅛
TOTAL VOLUME IN CONTRACTS						1474		

BASE LENDING RATES

A.B.N. Bank	10 %
Allied Irish Banks Ltd.	10 %
American Express Bk.	10 %
Amro Bank	10 %
A P Bank Ltd.	10 %
Henry Ansbacher	10 %
Banco de Bilbao	10 %
Bank of Credit & Cmce.	10 %
Bank of Cyprus	10 %
Bank of N.S.W.	10 %
Banque Belge Ltd.	10 %
Banque du Rhone	10½%
Barclays Bank	10 %
Barnett Christie Ltd.	11 %
Bremar Holdings Ltd.	11 %
Brit. Bank of Mid. East	10 %
■ Brown Shipley	10 %
Canada Perm't Trust	10 %
Capitol C & C Fin. Ltd.	10 %
Cayzer Ltd.	10 %
Cedar Holdings	10½%
■ Charterhouse Japhet	10 %
Choulartons	10 %
C. E. Coates	10 %
Consolidated Credits	10 %
Co-operative Bank	*10 %
Corinthian Securities	10 %
Credit Lyonnais	10 %
The Cyprus Popular Bk.	10 %
Duncan Lawrie	10 %
Eagil Trust	10 %
English Transcont.	11 %
First Nat. Fin. Corp.	11½%
First Nat. Secs. Ltd.	11 %
■ Antony Gibbs	10 %
Greyhound Guaranty	10 %
Grindlays Bank	‡10 %
■ Guinness Mahon	10 %
■ Hambros Bank	10 %
■ Hill Samuel	§10 %
C. Hoare & Co.	†10 %
Julian S. Hodge	11 %
Hongkong & Shanghai	10 %
Industrial Bk. of Scot.	10 %
Keyser Ullmann	10 %
Knowsley & Co. Ltd.	12 %
Lloyds Bank	10 %
London Mercantile	10 %
Edward Manson & Co.	11½%
Midland Bank	10 %
■ Samuel Montagu	10 %
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National Westminster	10 %
Norwich General Trust	10 %
P. S. Refson & Co.	10 %
Rossminster	10 %
Royal Bk. Canada Trust	10 %
Schlesinger Limited	10 %
E. S. Schwab	11½%
Security Trust Co. Ltd.	11 %
Shenley Trust	11 %
Standard Chartered	10 %
Trade Dev. Bank	10 %
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Twentieth Century Bk.	11 %
United Bank of Kuwait	10 %
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§ Demand and deposits 7¼%.

Indices

FARMING AND RAW MATERIALS

Stockpile move hits tin

BY JOHN EDWARDS, COMMODITIES EDITOR

TIN PRICES tumbled on the London Metal Exchange yesterday following the overnight news that the U.S. House of Representatives had approved a Bill to authorise sales of tin from the strategic stockpile.

Standard grade cash tin closed £162.5 lower at £6,870 a tonne, while the three months quotation was £135 down at £6,737.

The move by the House of Representatives to approve tin stockpile sales is considered to be an important step forward, even though legislation has still to go through the Senate to complete its passage through Congress.

No definite date has yet been set for the stockpile Bill to be considered by the Senate. It is by no means certain that it will be dealt with before Congress goes into recess next month before elections. There is also the strong possibility that the Senate might approve legislation not acceptable to the House of Representatives or President Carter.

Nevertheless, the big vote in the House of Representatives of 300 in favour to 75 against releasing stockpile tin suggests that there is strong support backing the Bill.

To the surprise of London traders the Bill passed gave approval to direct sales of 30,000 long tons of tin from the stockpile.

But it made the release of a further 5,000 long tons as the U.S. contribution to the International Tin Council buffer stock conditional on prices falling to within the International Tin Agreement's "floor" and "ceiling" range.

The idea is that the release of 30,000 tons should more than eliminate the present supply shortfall and bring the market back under the control of the International Tin Agreement.

At the moment the Straits tin price in Penang, although falling by M$18 M$1,860 a picul, is still M$160 above the Agreement "ceiling" and the buffer stock has no tin holdings to sell as a means of lowering prices.

Under another provision of the Bill, receipts from the sale of stockpile tin would be put in a special fund to be used only for purchases of other items required by the stockpile.

This provision may help avoid confrontation with moves in the Senate for the sale of stockpile tin to be linked with demands for rebuilding the copper stockpile with the proposed purchase of 250,000 tons.

There was considerable uncertainty on the London market about the significance of the House of Representatives move and whether legislation can be piloted through Congress before it goes into recess.

Some traders thought the market may have over-reacted. But at the same time if the release of 30,000 tons is approved in time, market prices could fall to a lower level.

Other metal markets were overshadowed by the interest in tin. But zinc prices rose strongly on expectations that other European smelters would follow the lead set by Preussag on Monday in raising its producer price from $225 to $675 a tonne.

No intervention in Penang

BY WONG SULONG

KUALA LUMPUR, Sept. 26.

MALAYSIAN Government intervention in the Penang tin market has been ruled out, although the Government is watching the latest developments closely, Mr. Paul Leong, Minister of Primary Industries, said.

Mr. Leong was commenting on reports that the Malaysian Mining Corporation, the world's biggest tin-mining group, has entered into an agreement with a London-based broker, Anglo Chemical, to sell its tin output, instead of placing it through the Penang market.

The Corporation's action has created a problem of tight supply because it accounts for a quarter of the market's offerings, and there are fears that this could undermine the status of Penang as a tin market.

Pointing out that Penang was basically a physical market, Mr. Leong said the Corporation was merely moving ahead in anticipation of the tin commodity exchange which the Malaysian Government was planning to set up.

Mr. Leong said the Corporation was selling tin both on a physical and futures basis, something which would be provided for under the proposed Malaysian Commodity Exchange.

Meanwhile, in a memorandum to the Finance Ministry, Malaysian tin miners have called for the restructuring of the tax system to encourage new investment in the declining industry and to discourage excessive dividend payouts to shareholders.

The memorandum pointed out that the industry was facing the classic "chicken or egg" situation.

"While the industry submits that the existing tax structure is penal and a disincentive to new investments, the Government rightly argues that the industry could support the tax burden as super profits are made in spite of it."

The memorandum suggested a progressive tax on excessive dividend distributions. But it added that to encourage new mining ventures, the Government should reduce the export duty, waive the tin profit tax, and treat mining assets as manufacturing assets to qualify them for accelerated depreciation.

"When these ventures prove viable, the tax structure applicable to continuing operations would apply," said the memorandum.

Decline in coffee stock forecast

By Richard Mooney

THE INTERNATIONAL Coffee Organisation (ICO) believes the Brazilian 1978-79 coffee crop will be between 18m and 20m bags (60 kilos each) and expects the final figure to be near the bottom of this range.

Earlier forecasts by the Brazilian Coffee Institute (IBC) put the crop at over 24m bags but following a severe drought and a damaging frost last month, the institute cut its estimate to 16.1m bags. Even the U.S. Agriculture Department, which is normally optimistic about Brazilian yields has conceded that the crop could be as low as 18m bags.

As a result of the Brazilian production problems, the coffee organisation expects world coffee stocks held in exporting countries to fall by 2m bags to just over 20m bags in the 1978-1979 coffee year.

Member countries' exportable production is put at 50m bags, roughly equal to expected demand from importing members of the organisation. But while sales to non-member countries are put at 5m bags, non-quota exports are put at only 3m.

In Zurich, meanwhile Mr. Arthur Fuerer, Nestle managing director, said sales of coffee products had risen this year as a result of the fall in world prices. Nestle sales of pure coffee products, which fell 16 per cent last year, probably would be back to a normal level this year, Mr. Fuerer said.

Austria seeks better farm trade deal with EEC

BY PAUL LENDVAI

VIENNA, Sept. 26

AUSTRIA will press for easier access for its farm exports to the Common Market and ask for urgent measures to reduce the imbalance in the trade in farm products during talks which will begin here tomorrow with Mr. Finn Gundelach, vice-president of the EEC Commission and Commisssioner in charge of agricultural affairs.

In spite of promises made at the time of the industrial free trade agreement concluded between Austria and the Common Market in 1972, Austrian exports of cattle, cheese and wine are faced with increasing difficulties.

Austrian imports of farm produce from the EEC between 1973 and 1977 jumped by 56 per cent to Sch 8.8bn (about £315m) while Austrian exports of agricultural products to the EEC rose during the same period only by 9 per cent to Sch 2.6bn.

As a result the Austrian deficit in trade with farm products vis-à-vis the EEC more than doubled to Sch 5.2bn. During the same period the share of the Common Market in Austria's agricultural trade deficit rose from 25 per cent to 37 per cent of the total.

The talks this week with Mr. Gundelach are the continuation of negotiations launched last June by the Austrian Foreign Minister and the Minister of Agriculture in Brussels. A mission of experts prepared the ground for the talks in Vienna last July. The Austrian side blames agricultural protectionism within the Common Market for the growing imbalance.

The most acute problem is posed by the new guidelines governing registration of breeding cattle. The Austrians complain that this administrative barrier is a discrimination against Austrian cattle since German and Dutch exporters are not faced with such demands.

It is feared that a strict application of the new provisions could reduce Austrian exports of 30,252 head of cattle sent last year to Italy to a mere 3,000.

Trade in cattle for slaughter has also run into trouble. The Austrians say the levy on their sales to the EEC should eq[illegible] the difference between the pri[illegible] ruling in the Austrian mar[illegible] and those in the Common Mark[illegible]

The question of the mut[illegible] recognition of quality wines [illegible] not yet been resolved, eith[illegible] primarily as a result of Fren[illegible] opposition to further concessi[illegible] to third countries in the agric[illegible]tural domain.

As cattle for breeding a[illegible] slaughter account for h[illegible] Austria's total agricultu[illegible] exports to the Common Mark[illegible] the issue will be central in d[illegible]cussions with vice-preside[illegible] Gundelach. The Commission[illegible] will also be received tomorr[illegible] by Dr. Bruno Kreisky, Fede[illegible] Chancellor.

The Austrians are, of cour[illegible] keenly aware of the fact th[illegible] agriculture was excluded fro[illegible] the free trade agreement wi[illegible] the EEC and that the intenti[illegible] to promote trade in farm p[illegible]ducts was reaffirmed only in th[illegible] form of an exchange of letters [illegible] 1972 between the EEC Commi[illegible]sion and the Austrian Gover[illegible]ment.

Japan welcomes lifting of curry export ban

BY OUR OWN CORRESPONDENT

TOKYO, Sept. 26.

JAPAN'S Ministry of Agriculture has reacted with undisguised relief to the Indian Government's relaxation of a ban on the export of curry spices.

Its reaction reflects the fact that a 4m ton domestic rice surplus is a major problem for the Government. The popularisation of curry dishes has so far proved one of the effective means of stemming the decline in rice consumption. Because of the link between curry and rice consumption the Ministry surprised spice importers by taking matters into its own hands when the ban on exports was announced early this year.

Japan draws about 50 per cent of its annual supply of curry spices from India with imports concentrated on two varieties—turmeric and cumin seed.

After the Indian Government imposed its export ban (apparently because of crop shortages), Japanese importers turned to China for alternative supplies, but negotiations on turmeric purchases at last spring's Canton Trade Fair proved disappointingly slow.

After the failure, or near failure, of negotiations at Canton the Agriculture Ministry began direct negotiations in June for a lifting of the Indian export ban. A direct appeal was made to Mr. Vajpayeem, the Indian Foreign Minister, when he visited Tokyo in August.

This was followed by the dispatch of a spice industry mission to Delhi which finally got results. The Indian Government has undertaken to satisfy Japan's import needs up to the end of 1978 and to review the situation early next year.

Shipments for the rest of the year will be 800 tons of turmeric and 200 tons of cumin seed.

CHINA TO RAISE OLIVE OIL OUTPUT

ROME, Sept. 26.

China plans to increase its olive production in southern and central regions, where the climate is considered suitable and erosion needs to be prevented on slopes of newly reclaimed lands, the Food and Agricultural Organisation said.

A Chinese delegation will visit Italy, France and Spain next month to study olive production

Reuter

EEC bans seed trade sales pact

By Guy de Jonquieres, Common Market Correspondent

BRUSSELS, Sept. 26.

THE EUROPEAN Commissio[illegible] today banned a number of restri[illegible]tive practices in the cereals trad[illegible] which, it has concluded, hav[illegible] artificially inflated the price o[illegible] certain types of French maiz[illegible] seed sold on the German marke[illegible] in recent years.

German farmers are dependen[illegible] on France for about three quarters of their supply of maize seed. But, according to the Commission, illegal limitations on sale have resulted in the seeds being sold in Germany at prices as much as 70 per cent higher than in France.

The banned practices, which violated Article 85 of the Rome Treaty, effectively restricted all sales of seeds developed by the Paris-based National Institute of Agronomic Research on the German market to a single exclusive licensee.

As well as the institute, the Commission decision names the Société Anonyme des Semences de Mais of Paris, and Nungesser KG and a Mr. Eisele, both of Darmstadt.

Irish and Danes may defy fishing ban by UK

BY MARGARET VAN HATTEM

BRUSSELS, Sept. 26.

BRITAIN FACES the prospect of a head-on collision with at least two of its EEC partners over its decision to introduce unilateral fisheries conservation measures.

Mr. Brian Lenihan, Irish Fisheries Minister, said today he would fully support any Irish fishermen who attempted to fulfil their quota of herring in the Irish Sea in defiance of a British ban which came into effect last Sunday.

He estimated the total Irish quota at 2,146 tonnes, of which between 400 and 500 tonnes remained to be caught.

Meanwhile the Danish Minister, Mr. Svend Jakobsen, said Denmark considered Britain's decision to enlarge the Norway pout box, where industrial fishing is banned, was totally unjustified. The measure is due to come into effect on October 1.

Mr. John Silkin, the UK Minister of Agriculture and Fisheries, refused today to be drawn on whether Britain would seek to arrest fishing vessels found operating in banned waters.

However, fisheries problems were peripheral to the Council of Ministers' meeting here today, which was devoted mainly to agricultural issues.

No decision was taken on a number of Mediterranean projects, originally part of the annual farm prices review, and detached from it in the face of strong Italian opposition only after the Commission gave assurances that a decision would be taken before September 30.

There now appears to be no possibility whatever of this, but the Italian delegation made no protest today.

The question of the British butter subsidy also remains unresolved. Britain having refused to pay a national subsidy on New Zealand butter, the original proposal for a "Christmas butter" subsidy appears likely to be taken up.

Irish salmon ban urged

A TOTAL ban on salmon fishing in Ireland was urged yesterday by the Irish Salmon and Trout Conservancy Council in Dublin.

The council is pressing for the ban, which would include all forms of salmon-catching and angling because of a big drop in the number of salmon being caught in Irish waters. No more of the fish should be taken until stocks are restored, it says.

The council reported that this year's estimated total catch would be 20 per cent down on 1977 and 50 per cent down on the 1975 figures.

Mr. Jack Millar of the conservancy council's steering committee, said a lot of anglers, who had previously fished in Ireland for salmon, were now heading for Scotland and Scandinavia instead.

Sugar futures prices surge

By Our Commodities Staff

SUGAR FUTURES prices forged ahead again in the London terminal market yesterday. The December price, for example, advanced £2.625 a tonne to close at £112.70, bringing the total gain so far this week to more than £6 a tonne.

In the morning the daily price for raws was raised £3.50 a tonne to £107.

Trading began briskly and prices increased throughout the day, initially on the strength of prices in New York. Profit-taking produced some irregularities but keen buying interest kept prices rising steadily.

Traders reported that the Egyptian buying tender for two cargoes of white sugar for delivery in October-December was filled by a Middle East supplier selling at $234.80 a tonne c and f.

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

COPPER—Barely changed and fairly quiet on the London Metal Exchange. Forward metal rose to £760 on the pre-market continuing to reflect hopes of GSA purchases of copper. However, these levels attracted profit-taking, with the price dipping to £752 before ending the morning at £754.5. In the afternoon a better-than-expected opening on Comex helped sustain the price here with the market edging up on the late kerb to close at £756. Turnover: 13,350 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	756.5-7	+6.25	755-.5	—.75
3 months	754.5-5	+6	762.5-3	—2
Settl'm'nt	757	+6	—	......
Cathodes				
Cash	723.5-4.5	+4.25	725-4.5	—.25
3 months	743-.5	+4.5	742-3	—.75
Settl'm'nt	724.5	+4.5	—	......
U.S. Smt.	685	......	65-66	......

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £756, 57, three months £754, 53, 52, 53, 53.5, 55. Cathodes, three months £743.5, 43. Kerb: Wirebars, three months £754, 54.5. Afternoon: Wirebars, cash £755, three months £754, 53, 52.5, 53. Kerb: Wirebars, three months £754, 54.5, 55, 54.5, 54, 54.5, 56.

TIN—Lost further ground in active trading. News that the U.S. House of Representatives had passed the GSA tin stockpile disposals bill prompted a sharp downturn in pre-market trading with forward standard metal falling back to £6,730. At this level some physical interest lifted the price to £6,790 but hedge selling depressed it to £6,740 on the morning kerb. In the afternoon U.S. buying in a thin market caused a slight recovery in the market with forward standard material finally £6,770 on the late kerb. Turnover: 1,255 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	6870-80	-147½	6865-75	-182½
3 months	6750-5	—125	6755-75	—115
Settlem't	6880	—145	—	......
Standard				
Cash	6870-80	-147½	6865-75	-182½
3 months	6740-50	-122½	6735-40	—135
Settlem't	6880	—145	—	......
Straits E.	$1,860	—18	—	......
New York	624	......	—	......

Morning: Standard, three months £6,750, 60, 70, 75, 80, 75, 70, 60, 55, 50, 45. High Grade, three months £6,755. Kerb: Standard, three months £6,730, 45, 40. Afternoon: Standard, cash £6,870, three months £6,745, 40, 35. Kerb: Standard, three months £6,735, 40, 60, 65, 70.

LEAD—Slightly firmer. The steadiness of copper and zinc coupled with modest covering enabled forward metal to edge higher. It opened at £368 and moved up to end the morning at £370. Trading was subdued in the afternoon with forward metal closing at £371 on the late kerb. Turnover: 6,075 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	
Cash	362.5-3	+1.37	364-5	+2.25
3 months	368.75-9	+2.25	370-.5	+2
Sett'ment	363	+1.5	—	......
U.S. Spot	33-5	......	331.33	......

Morning: Cash £361.5, 62, 62.5, three months £368.5, 68.75 69.5, 69. Kerb: Three months £369, 70, 69.5, 70. Afternoon: Three months £370, 70.5, 70. Kerb: Three months £370.5, 71.

ZINC—Higher again with the market buoyed by news that Boliden had followed Preussag in lifting its producer price to $675. After opening at £337.5 forward metal moved ahead throughout the day to close at £344 on the late kerb. Turnover: 8,975 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£		£	£
Cash	331.5-2	+6.62	332.5-3	+6
3 months	341.5-2	+5.37	342.5-3	+6.75
S'ment	332	+5.75	—	......
Prim.west	—		29.31	......

Morning: Three months £336.5, 36.75, 39, 39.5, 40, 41, 41.5, 42, 42.5, 42, 41.5. Kerb: Three months £342, 42.5. Afternoon: Three months £345.5, 43, 43.5, 44, 43.5, 43, 43.5, 43. Kerb: Three months £342.5, 42.5, 43, 43.5.

* Cents per pound. ‡ $M per picul. † On previous unofficial close.

SILVER

Silver was fixed 0.35p an ounce lower for spot delivery in the London bullion market yesterday at 288.65p. U.S. cent equivalents of the fixing levels were: spot 573.0c, up 3.7c; three-month 580.0c, up 9.5c; six-month 597.7c, up 4.1c; and 12-month 618.9c, up 3.9c. The metal opened at 287.4-288.4p (567-569½c) and closed at 287½-288½p (567-568½c).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. close	+ or —
Spot	288.65p	-0.35	288.1p	-2.55
3 months	296.05p	-0.35	295.45p	-2.5
6 months	303.85p	-0.35	—	......
12 months	319.6p	-0.5	—	......

LME—Turnover 182 (121) lots of 10,000 ozs. Morning: Three months 296.6, 6.7, 6.8, 6.9. Kerb: Three months 296.9, 97, 96.9, .8, .7. Afternoon: Three months 295, 5.2, 5.5, 5.4, 5.5, 5.4. Kerb: Three months 295, 5.2, 5.3, 5.4, 5.5, 5.8, 5.7.

COCOA

The market opened steadily in the morning before it eased gradually throughout the afternoon due to light Commission House selling, to close near the days lows, Gill and Duffus reported.

COCOA	Yesterday's Close	+ or —	Business Done
No. 6 Contr't			
Sept.	[illegible]	-14.75	1995.0-62.0
Dec.	1988.0-89.0	-28.0	2028.0-1985
March	2015.5-05.0	-15.2	2025.0-00.0
May	2010.0-11.0	-11.0	2028.0-06.0
July	1991.0-93.0	-8.0	2005.0-1 85
Sept.	1967.0-70.0	-1.5	1 80.0-69.0
Dec.	1915.0-20.0	-1.75	1 25.0-05.0

SUGAR

Sales: 3,269 (2,334) lots of 10 tonnes.

International Cocoa Organization (U.S. cents per pound)—Daily price Sept. 25: 174.36 (171.83). Indicator prices Sept. 26: 15-day average 171.82 (170.32); 22-day average 166.37 (165.28).

LONDON DAILY PRICE (raw sugar) £107.00 (£103.50) a tonne cif for Sept.-Oct. shipment. White sugar daily price was fixed at £110.00 (same).

The market opened about 50 points above kerb levels but good buying interest was met by heavy long liquidation and prices lost about 100 points. However, renewed buying interest exposed a lack of selling at the lows and quotations quickly recovered. Final quotations were the highs of the day, some 50 points above first traded levels, C. Czarnikow reported.

Sugar Pref. Comm. Con.	Yesterday's Close	Previous Close	Business Done
	£ per tonne		
Oct.	111.00-11.25	109.25-09.45	111.25-09.25
Dec.	112.65-12.75	110.05-10.10	112.65-10.60
March	117.50-17.60	115.25-15.30	117.75-16.00
May	118.65-19.55	117.25-17.50	119.60-17.75
Aug.	122.65-22.96	120.75-21.00	122.75-21.26
Oct.	125.40-25.00	125.00-24.25	125.00-24.50
Dec.	129.00-29.75	127.00-27.45	128.00-28.00

Sales: 5,192 (4,311) lots of 50 tonnes.

Tate and Lyle ex-refinery price for granulated basis white sugar was £264.93 (same) a tonne for home trade and £167.00 (£163.50) for export.

International Sugar Agreement (U.S. cents per pound fob and stowed Caribbean port)—Prices for Sept. 25: Daily 8.29 (8.14); 15-day average 8.09 (8.03).

COFFEE

ROBUSTAS opened higher this morning on good follow-through buying from Monday's steady close, Drexel Burnham Lambert reported. Heavy resistance was encountered at 1,570 basis November and prompted jobber long liquidation in the afternoon. At the close values were at the lows about unchanged on the day.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
September	1682-28	-98.5	1656-30
November	1542-44	+91.0	1570-40
January	1439-40	-85.0	1470-35
March	1350-55	-10.0	1365-46
May	1301-04	-18.0	1340-18
July	1275-80	-17.5	1310-88
September	1246-60	-16.0	1285-80

Sales: 3,249 (2,362) lots of 5 tonnes.

ICO Indicator prices for Sept. 25 (U.S. cents per pound): Colombian Mild Arabicas 190.00 (same); unwashed Arabicas 153.00 (same); other mild Arabicas 156.33 (154.50); Robustas ICA 1976 146.25 (147.50); Robustas ICA 1968 148.75 (146.00). Daily average 152.29 (151.00).

ARABICAS—Close: Oct. buyer-seller unquoted, business 156.00, sales 1. All others unquoted.

GRAINS

The market opened 15p higher. Barley saw good buying support initially and there was a reasonable trade. In the afternoon session pricing liquidation eased values to close 15 to 20p lower. Wheat in fairly good trade saw buying support on any dips and closed 30-35p higher on the day, Acli reported.

M'nth	WHEAT Yesterday's close	+ or —	BARLEY Yesterday's close	+ or —
Nov.	87.15	+0.30	[illegible]	-0.15
Jan.	89.80	+0.20	82.45	-0.15
Mar.	93.30	+0.25	84.85	-0.15
May	94.90	+0.25	87.30	-0.20

Business done: Wheat—Nov. 87.53-87.00, Jan. 90.30-89.50, March 93.53-92.20, May 95.05-94.50. Total sales: 168 lots. Barley—Nov. 80.18-79.65, Jan. 82.90-82.60, March 85.45-84.85, May 87.75-87.30. Total sales: 193 lots.

HGCA—Location ex-farm spot prices. Other milling wheat—N.E. England £84.00. Feed wheat—N.E. England £82.80, Berks and Oxon £80.50. Feed barley—N.E. England £73.10, Berks and Oxon £73.80.

The UK monetary coefficient for the week beginning Oct. 2 will remain unchanged.

IMPORTED—Wheat: CWRS No. 1, 13½ per cent, Sept. £92.25, Tilbury. UK Dark Northern Spring No. 2, 14 per cent, Sept. and Oct. £83.25, Nov. £84.25, Dec. £86, transhipment East Coast. U.S. Hard Winter, 13½ per cent, Oct. £83.50, Nov. £84.50, transhipment East Coast. EEC Milling Sept. 87.50, Oct. 85.50, East Coast, quoted.

Maize: U.S./French Sept. and Oct. 101.50, Nov. 99, Dec. 98.34, transhipment East Coast. S. African White Sept.-Oct. 61, Glasgow. S. African Yellow Sept.-Oct. 61, Glasgow.

Barley: English Feed fob Sept. 78.50, Oct. 80, East Coast. Jan. 84-83.50, Jan.-March 55 paids, East Coast.

Sorghum: U.S. Argentine Sept. 100 quoted transhipment East Coast.

EEC DAILY IMPORT LEVIES—Effective for September 27 in order current levy plus October, November and December premiums, with previous in brackets. All in units of account per tonne: Common Wheat—81.25, rest nil (81.28, rest nil). Durum Wheat—124.94, rest nil (124.94, rest nil). Rye—86.05, rest nil (86.05, rest nil). Barley—85.82, 0.61, 0.61, 0.61 (85.82, rest nil). Oats—72.30, rest nil (72.30, rest nil). Maize (other than hybrid for seeding)—79.25, rest nil (79.25 rest nil). Buckwheat—All nil. Millet—42.12, rest nil (42.12, rest nil). Grain Sorghum—79.72, rest nil (80.36 rest nil). Flour Levies: Wheat or Mixed Wheat and Rye Flour—134.67 (134.67). Rye Flour—131.37 (131.37).

RUBBER

STEADIER opening on the London physical market. Inactive throughout the day, closing very quiet. Lewis and Peat reported a Malaysian godown price of 256 (254) cents (buyer, Oct.).

No. 1 R.S.S.	Yesterday's Close	Previous Close	Business Done
Oct.	62.20-62.50	60.75-60.80	—
Nov.	63.00-63.20	61.65-61.70	—
Oct-Dec	64.50-64.55	61.60-61.80	64.80-64.50
Jan-Mar	67.00-67.05	64.20-64.25	67.30-66.80
Apr-Jne	69.05-69.10	66.55-66.60	69.50-68.90
Jy-Sept	71.10-71.15	68.50-68.55	71.10
Oct-Dec	73.10-73.15	70.50-70.55	73.10-73.05
Jan-Mar	75.05-75.10	72.45-72.60	75.10-75.15
Apr-Jne	77.10-77.15	74.50-74.65	77.10-77.00

Sales: 474 (182) lots of 15 tonnes.

Physical closing prices (buyers) were: Spot 61p (60.5); Nov. 63p (61.5); Dec. 63p (62.25).

SOYABEAN MEAL

	Yesterday Close	+ or —	Business Done
	£ per tonne		
October	112.50-13.0	+0.16	112.50
December	114.50-14.2	-0.55	114.50-14.00
February	115.90-16.0	-0.7	116.20-15.30
April	117.00-17.4	-0.55	—
June	117.80-18.5	-0.45	—
August	117.00-20.0	-0.25	—
October	118.00-21.5	-0.50	—

Sales: 40 (same) lots of 5 tonnes.

WOOL FUTURES

SYDNEY GREASY (in order buyer, seller, business, sales)—Micron Contract: Oct. 341.5, 342.0, 341.5-339.5, 50; Dec. 349.5, 349.0, 350.0-349.8, 17; March 356.2, 357.0, 357.2-356.1, 9; May 360.0, 361.0, 360.5-360.5, 3; July 365.0, 365.5, 365.0-364.0, 22; Oct. 368.5, 369.0, 370.0-369.0, 9; Dec. 372.0, 373.0, 373.5-372.0, 6; March 375.0, 377.0, nil, nil. Total sales: 125.

Australian Greasy Wool	Yesterday's Close	+ or —	Business Done
October	220.0-25.0	......	22.0
December	226.0-31.0	......	—
March	235.0-40.0	......	—
May	238.0-41.0	......	—
July	238.0-45.0	......	—
October	238.0-40.0	......	—
December	239.0-45.0	......	—
March	242.0-47.0	......	—

Sales: 10 (0) lots of 1,500 kilos.

NEW ZEALAND CROSSBREDS—Close (in order buyer, seller, sales): Dec. 186.0-190.5, March 186.5-188.0, May 188.5-191.0, July 190.0-192.0, Oct. 190.0-193.0, Dec. 190.0-194.0, March 190.0-194.0. Sales: 10.

MEAT/VEGETABLES

SMITHFIELD (pence per pound)—Beef: Scottish killed sides 53.0 to 57.0, Ulster hindquarters 63.0 to 65.0, forequarters 35.0 to 37.0, Eire hindquarters 64.0 to 66.0, forequarters 35.0 to 35.0.

Veal: English fats 62.0 to 70.0, Dutch hinds and ends 94.0 to 96.0.

Lamb: English small 58.0 to 62.0, medium 54.0 to 58.0, heavy 50.0 to 56.0, Scottish medium 54.0 to 58.0, heavy 50.0 to 56.0, imported frozen: NZ YLs 53.5 to 55.0.

Pork: English, under 100 lbs 37.0 to 46.0, 100-120 lbs 38.0 to 44.0, 120-160 lbs 37.0 to 43.0.

Partridges: Young (each) £2.00 to £2.40.

MEAT COMMISSION—Average fatstock prices at representative markets on September 25: GB Cattle 68.37p per kg.l.w. (−0.56); UK Sheep 135.1p per kg.est.d.c.w (−5.0); GB Pigs 65.0p per kg.l.w. (+0.6). England and Wales—Cattle numbers up 10.6 per cent, average price 66.07p (−0.98); Sheep up 14.8 per cent, average price 133.2p (−6.1); Pigs down 5.3 per cent, average price 65.1p (+0.7). Scotland—Cattle numbers down 2.2 per cent, average price 70.45p (+0.89); Sheep down 4.3 per cent, average price 125.9p (−0.2); Pigs up 0.5 per cent, average price 64.0p (no change).

COVENT GARDEN (Prices in sterling per package except where stated)—Imported produce: Lemons—Italian: 100/120s new crop 5.50-6.00; Spania: Trays 1.90-2.40; South African: 7.50-8.00; Cyprus: Trays 3.50-3.80, Boxes 7.00; Turkish: 6.00. Oranges—South African: Valencia Late 4.30-5.30; Brazilian: Valencia Late 3.50-3.60; Argentine: 5.00-5.40. Grapefruit—Dominican: 5.20-5.40; South African: 48s 4.50; Jamaican: 5.00-5.40. Apples—French: New crop Golden Delicious 20lb 72 1.90-2.00, 84 1.65-1.70, 40lb 3.50-3.60, Stark Crimson 20lb 84 2.40-2.60, 72 2.90, Granny Smith 2.30-2.60; Portuguese: Per pound Golden Delicious 0.07. Pears—French: Williams 4.50; Per pound Italian: Williams 0.20-0.22. Peaches—Italian: ½ trays 3.30-3.40; French: Small trays 1.60-1.80. Plums—Romanian: Anna Spath per tray 2.00-2.20; Italian: Per pound Stanley 0.18, G. Prunes 0.15. Grapes—Italian: Regina 2.00-2.20, Italia 3.20-3.30; French: Alphonse per pound 0.20. Bananas—Jamaican: Per pound 0.14. Avocados—Kenya: Fuerte 14/24s 4.30-4.50; South African: Fuerte 4.30-4.50. Capsicums—Dutch: Per 5 kilos 3.30. Onions—Spanish: 2.80-3.00; Dutch: 1.80-2.20; Picklers 10 kilos 1.20. Melons—Spanish: Yellow 6/14 2.00-3.20, Green 2.80-3.00. Tomatoes—Dutch: 2.20-2.40; Jersey: 2.20; Spanish: 2.10-2.20.

English produce: Potatoes—Per 25 kilos 1.00-1.20. Lettuces—Per 12 round 1.00, Cos 1.00, Webbs 1.20. Cucumbers—Per tray 12/24s new crop 2.00-2.40. Mushrooms—Per pound 0.55. Apples—Per pound Grenadier 0.03, Lord Derby 0.04-0.05, Bramley 0.06-0.09, Cox's Orange Pippin 0.05-0.12, Tydeman's 0.04, Worcester Pearmain 0.04-0.05, Russets 0.05-0.06. Pears—Per pound Williams 0.10, Conference 0.10-0.12. Plums—Per pound Bush 0.09, Marjorie's Seedlings 0.14. Damsons—Per pound 0.15. Tomatoes—Per 12lb English 1.80-2.00. Cabbages—Per crate 0.80-0.90. Celery—Per head 0.07. Cauliflowers—Per 12 Lincoln 1.20-1.40. Runner Beans—Per pound Stick 0.13-0.14. Beetroot—Per 28lb 0.60. Carrots—Per 28lb 0.50-0.70. Capsicums—Per pound 0.30. Courgettes—Per pound 0.10. Onions—Per bag 1.50, Picklers 2.40. Swedes—Per 28lb 0.80. Turnips—Per 28lb 1.00. Parsnips—Per 28lb 1.00-1.20. Sprouts—Per pound 0.06-0.08. Cobnuts—Per pound Kent 0.30. Corn Cobs—Each 0.05.

*

GRIMSBY FISH—Supply very poor, demand good. Prices at ship's side (unprocessed) per stone: Shelf cod £5.30-£6.80, codlings £4.00-£4.60. Medium plaice £8.00-£6.50, best small £6.00-£7.00. Skinned dogfish (large) £8.00, (medium) £6.30.

Tea promotion date fixed

By K. K. Sharma

NEW DELHI, Sept. 26.

THE AGREEMENT to set up an international tea promotion association will come into force in February, 1979 now that the main tea-producing countries have signed and ratified it.

The countries are India, Sri Lanka, Mauritius, Malawi, Kenya, Tanzania, Uganda and Indonesia and the agreement has been sponsored by Unctad and GATT.

Peru anchovy ban lifted

LIMA, Sept. 26.

THE PERUVIAN Government has authorised anchovy fishing between the port of ILO and the Chilean border.

Fishing for meal and oil resumed last week in Peruvian waters after a two-month ban. But anchovies must not exceed 20 per cent of the catch in other parts of Peruvian waters.

PRICE CHANGES

Price in tonnes unless otherwise stated.

	Sept. 26 1978	+ or —	Month ago
Metals			
Aluminium	£710	......	£680
Free market (c.i.f.)	$1,070/90	......	$1065/85
Copper cash W. Bars	£735.25	—0.75	£750.5
3 months do. do.	£752.75	—2.0	£764.25
Cash Cathode	£723.75	—0.25	£741.5
3 months do. do.	£742.5	—1.75	£756.5
Gold Troy oz.	$217.575	—2.5	$200.875
Lead cash	£364.5	+2.25	£335.25
3 months	£370.25	+2.0	£339.75
Nickel	$		$
Free Market(cif)(lb)	$1.76	......	$1.79
	1.88	—0.035	1.92
Platinum troy oz.	£130	......	£124.5
Free Market	£145.05	—0.45	£136.25
Quicksilver (76lb.)	$122.27	......	$126/30
Silver troy oz.	288.65p	—0.35	270.9p
3 months	296.05p	—0.35	285.6p
Tin Cash	£6,870	—162.5	£6,737.5
3 months	£6,757.5	—135	£6,707.5
Tungsten (z)	$141.06	......	$134.24
Wolfram 22.04 lbs.)	$141.46	......	$137.41
Zinc cash	£331.75	+6.0	£321
3 months	£342.75	+5.75	£328.75
Producers	$625	......	$625
Oils			
Coconut (Phil)	$780x	—30.0	$695
Groundnut	£748x	......	£648
Linseed Crude (v)	£322	......	£326
Palm Malayan	$590x	—5.0	$570
Seeds			
Copra Phillip	$510t	—5.0	$470
Soyabean (U.S.)	‡	......	$262
Grains			
Barley EEC			
Home Futures	£79.65	—0.15	£80.85
Maize			
French No. 3 Am	£101.5	......	£100
Wheat			
No. 1 Red Spring	£92.25	+0.5	£90.25
No. 2 Hard Winter	£83.5r	+0.5	
English Milling	£90.75r	......	£89.5
Cocoa shipment	£2,023	—41.0	£1,835
Future Dec.	£1,988.5	—28.0	£1794.5
Coffee Future			
Nov.	£1,543	+1.0	£1,478
Cotton 'A' Index	74.65c	+0.55	73.25c
Rubber kilo	61p	+0.5	57.75p
Sugar (Raw)	£107	+3.5	£94
Wooltops 64s kilo	273p	......	278p

* Nominal. † New crop. ‡ Unquoted. m June-Aug. n July-Sept. q Sept. r Oct. s Sept.-Oct. t Nov.-Dec. u Nov. w Dec. x Per ton. z Indicator price.

INDICES

FINANCIAL TIMES

Sept. 26	Sept. 25	Month ago	Year ago
253.51	253.51	246.83	240.06

(Base: July 1 1952=100)

REUTERS

Sept. 26	Sept. 25	Month ago	Year ago
1487.0	1480.5	1460.9	1500.5

(Base: September 18, 1931=100)

DOW JONES

Dow Jones	Sept. 26	Sept. 25	Month ago	Year ago
Spot	377.15	379.39	370.97	367.54
Futures	377.31	379.68	365.89	325.54

(Average 1924-25-26=100)

MOODY'S

Moody's	Sept. 26	Sept. 25	Month ago	Year ago
Spot Commty	955.5	949.9	937.9	829.5

(December 31, 1931=100)

COTTON

LIVERPOOL COTTON—Spot and shipment sales amounted to 36 tonnes, bringing the total for the week so far to 214 tonnes, F. W. Tattersall reported. Lack of interest resulted in only a small offtake. Operations were confined to minor weight in North and South American growths.

U.S. Markets

Metals fall on deficit concern

NEW YORK, Sept. 26.

PRECIOUS metals closed lower on heavy speculative liquidation on expectations of a sharp balance of payments deficit next year. Copper eased on light trade arbitrage selling while cocoa and sugar declined on speculative profit-taking in sympathy with a stronger dollar, Bache reports.

Cocoa—Dec. 171.00 (173.50), March 169.50 (171.45), May 168.10, July 166.00, Sept. 163.00, Dec. 159.50, Sales: 806.

Coffee—"C" Contract: Dec. 130.75-131.00 (132.50), March 140.25-140.50 (141.67), May 133.00, July 128.00-128.50, Sept. 126.00-126.50, Dec. 121.00-124.00. Sales: 715.

Copper—Sept. 65.40 (65.50), Oct. 65.50 (65.35), Nov. 65.85, Dec. 66.45, Jan. 66.95, March 67.95, May 68.90, July 69.80, Sept. 70.65, Dec. 71.60, Jan. 72.20, March 72.95, May 73.70, July 74.45. Sales: 4,800 lots.

Cotton—No. 2: Oct. 62.51-62.70 (62.82), Dec. 64.75-64.80 (64.97), March 67.01, May 68.00, July 68.26-68.50, Oct. 65.55-65.50 Dec. 65.47, March 66.15-66.25. Sales: 3,550 bales.

†Gold—Sept. 216.30 (218.10), Oct. 216.30 (218.30), Nov. 218.00, Dec. 220.70, Feb. 223.20, April 226.50, June 230.40, Aug. 234.00, Oct. 237.70, Dec. 241.40, Feb. 245.20, April 249.00, June 252.80. Sales: 24,000 lots.

†Lard—Chicago loose 24.75 (25.00). NY prime steam 26.25 traded (26.50 traded).

‡Maize—Dec. 221-220½ (220½). March 230½-230½ (230), May 236½-236½, July 239½, Sept. 241½-241, Dec. 245.

§Platinum—Oct. 282.00-282.40 (282.90), Jan. 284.60-285.50 (285.90), April 288.00, July 291.50, Oct. 294.00, Jan. 297.60-297.50, April 300.70-300.90. Sales: 1,932 lots.

¶Silver—Sept. 562.50 (566.00), Oct. 562.50 (566.00), Nov. 566.50, Dec. 570.50, Jan. 574.50, March 583.00, May 591.50, July 600.50, Sept. 609.90, Dec. 624.10, Jan. 628.90, March 638.50, May 648.20, July 658.00. Sales: 13,000 lots. Handy and Harman spot bullion: 563.50 (570.00).

Soyabeans—Nov. 645½-644½ (641¼), Jan. 653½-653 (649½), March 660-662, May 666-666½, July 667-667½, Aug. 661-661½.

||Soyabean Meal—Oct. 166.60-166.50 (168.90), Dec. 171.60-172.00 (172.10), Jan. 173.20-173.40, March 175.00-175.10, May 176.10-176.40, July 177.10, Aug. 177.30.

Soyabean Oil—Oct. 25.55-25.40 (24.58), Dec. 24.75-24.70 (24.20), Jan. 24.40-24.50, March 24.30, May 24.10-24.15, July 23.95-24.00, Aug. 23.60.

Sugar—No. 11. Oct. 8.62-8.65 (8.67), Jan. 8.85-8.92 (8.89), March 9.02-9.04, May 9.22, July 9.38-9.39, Sept. 9.54-9.56, Oct. 9.64-9.65, Jan. 9.50-9.80, Sales: 6,910 lots.

Tin—620.00-630.00 nom. (625.00-637.00 nom.).

**Wheat—Dec. 341½-341½ (342½), March 336-336½ (335½), May 331½-331½, July 328, Sept. 322 nom., Dec. 329.

WINNIPEG, Sept. 26. ††Rye—Oct. 93.40 (93.50 bid), Nov. 93.40 asked (93.50 bid), Dec. 93.60, May 96.60 bid, July 95.50.

††Oats—Oct. 73.30 (73.50), Dec. 73.30 asked (73.20 asked), March 73.20 asked, May 73.50 asked, July 73.50 asked.

‡‡Barley—Oct. 69.40 bid (69.30 bid), Dec. 71.50 bid (71.60 asked), March 73.10 asked, May 74.00 asked, July 74.00 asked.

§§Flaxseed—Oct. 253.00 (251.00 bid), Nov. 251.20 (250.50 asked), Dec. 251.30 asked, May 254.30 asked, July 253.50 bid.

¶¶Wheat—SCWRS 13.5 per cent protein content cif St. Lawrence 174.64 (same).

All cents per pound ex-warehouse unless otherwise stated. * $s per troy ounce—100-ounce lots. † Chicago loose $s per 100 lbs—Dept. of Ag. prices previous day. Prime steam fob NY bulk tank cars. ‡ Cents per 56-lb bushel ex-warehouse, 5,000-bushel lots. § $s per troy ounce for 50-oz units of 99.9 per cent purity delivered NY. ¶ Cents per troy ounce ex-warehouse. || New "B" contract in $s a short ton for bulk lots of 100 short tons delivered fob cars Chicago, Toledo, St. Louis and Alton. ** Cents per 60-lb bushel in store. †† Cents per 34-lb bushel. ‡‡ Cents per 48-lb bushel ex-warehouse. §§ Cents per 56-lb bushel ex-warehouse, 1,000-bushel lots. ¶¶ $C per tonne.

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COMPANY NOTICE

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7¾% Bonds 1987 FF 80,000,000

Referring to the announcement having appeared in this newspaper on September 12, 1978, Bondholders are informed that an additional amount of FF 2,400,000 has been purchased pursuant to paragraph "Optional Redemption" of the terms and conditions of the Bonds. The amount outstanding is now FF 61,600,000.

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KREDIETBANK
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STOCK EXCHANGE REPORT

Small technical rally but market still overshadowed by Ford pay dispute—Index 4.8 better at 514.2

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
Sep. 18	Sep. 28	Sep. 29	Oct. 10
Oct. 2	Oct. 12	Oct. 13	Oct. 24
Oct. 16	Oct. 26	Oct. 27	Nov. 7

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

Although fears about the possible repercussions from the Ford pay dispute were still very much in evidence, equity stock markets staged a modest technical rally yesterday. Trading conditions were extremely thin and sensitive, but the majority of the leaders ended the day with small gains.

The warning by the chairman of EMI, down 3 at 155p, that the group's medical and electronic problems had placed a heavy burden on the company during the year had a noticeable impact on sentiment around lunchtime and a noon rise of 4.3 in the FT 30-share index was reduced to a gain of only 1.5 at 2 pm. The market, however, regained its poise in the late dealings when a few buyers showed interest and the index closed at its best of the day with a gain of 4.8 at 514.2. The volume of business remained at a low ebb, but there was a small increase in activity as measured by official bargains of 5,159 compared with 4,988 on Monday.

No decided trend emerged in secondary issues, but falls were in a majority of about three-to-two in FT-quoted Industrials. The FT-Actuaries All-Share index, however, recorded an improvement of 0.4 per cent to 232.85.

British Funds passed another subdued session, sentiment being unsettled by the continuing advance in U.S. interest rates. Once again selling pressure was only light, but occasional offerings found the market unwilling, particularly at the short-end where prices closed with fresh losses of ¼ and sometimes more. Longs held up well until the latter part of the day when prices eventually followed the shorts to close with falls of ¼. The Government securities index eased 0.09 to 70.15 for a three-day fall of 0.66.

The dollar premium touched extremes of 91 and 87½ per cent in a good turnover in the investment currency market. To a large extent, the fluctuations reflected sterling's movements against the dollar but business on arbitrage and institutional account provided the basis for a reasonable two-way turnover. The premium closed ¾ up at 90½ per cent. Yesterday's conversion factor was 0.6923 (0.7019).

Discounts easier

Activity in Traded Options picked up, contracts completed numbering 852 compared with the previous day's 614. Another fairly lively business was seen in GEC in which 112 deals were done, 40 of them in the October 360 series.

Continuing to reflect the downward trend in gilt-edged securities, Discount Houses moved lower in sympathy. Union reacted 5 more to 310p, for a two-day fall of 20, while Cater Ryder relinquished 3 to 272p and Gerrard and National 2 to 180p. Home Banks were idle and closed at their overnight levels. Among overseas issues, Hong Kong and Shanghai gained 9 to 310p in response to domestic and investment currency influences. Allied Irish gave up 6 to 226p and Bank of Ireland dipped 5 to 430p, with the latter's 10 per cent Convertible 1985 5 points lower at £195.

Narrow mixed price movements were the order of the day in Insurances following a small turnover. Legal and General picked up a penny to 158p ahead of today's interim results but Hambro Life, first-half figures due on Friday, cheapened 5 more to 380p.

Still reflecting Press comment, Allied Breweries were actively traded up to 83½p before finishing a penny better for a two-day rise of 2½ to 83p. J. Lyons improved 6 to 154p in sympathy. Tomatin Distillers eased 2 to 123p on the interim figures which failed to measure up to the market's expectations.

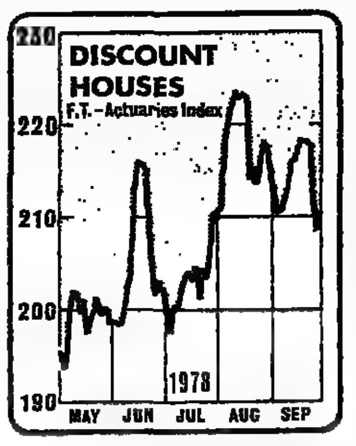
Barratt Developments featured the Building sector with a rise of 7 to 124p following the annual results and the confident statement from the chairman. Elsewhere, plus signs predominated in a slow trade. London Brick firmed 1½ to 70½p and, in response to the satisfactory interim report, Ibstock Johnsen added 2 at 186p. Awaiting bid developments, Bamburgers improved a penny at 80p. In contrast, Y. J. Lovell met continued profit-taking and shed 8 for a two-day fall of 19 at 104. James Latham found support and put on 5 to 130p, while Richard Costain rallied 7 to 258p and, on the half-year recovery, IDC firmed 2 to 132p, while Modern Engineers of Bristol put on 3 to 41p in response to the higher interim profits.

Despite the first-half profits advance, uncertainty over prospects for future earnings growth took Fisons down further to 352p before a subsequent rally left a close of 357p, down 5 on balance. ICI shaded to 389p in early dealings, but recovered to finish a net 3 up at 394p.

Freemans dull

Firmer conditions returned to Leading Stores, although the volume of business was small. Still reflecting a week-end Press suggestion that a current revaluation of its High Street properties could result in a surplus of around £200m, Woolworth hardened 1½ more to 66½p, while Combined English edged forward a penny to 127p ahead of tomorrow's interim results. Marks and Spencer put on 2 to 86p as did Burton "A," 161p, and Gussies "A," 326p. Mothercare closed unaltered at 162p despite detailed expansion plans. Secondary issues were notable for a fresh fall of 10 to 370p in Freemans following small selling ahead of the first-half figures due on October 9. N. Brown lost 4 to 42p.

EMI were finally 3 easier at 155p, after 150p, in the wake of the chairman's profits warning ahead of the preliminary figures due next week. Other Electricals were also looking better in the late trade on small buying in a thin market. Plessey moved up 3 to 117p, while rallies of 8 were seen in Thorn Electrical, 380p, and GEC, 328p.



Beree which report interim figures on October 27, hardened 3 to 149p. AB Electronic finished 2 better at 118p on the encouraging statement which accompanied the interim figures, while other firm spots included Racal Electronics, 6 up at 328p, and Louis Newmark, 10 to the good at 263p.

A modest technical rally by the Engineering leaders was led by Hawker which closed 6 higher at 252p. Tubes picked up 4 to 398p, while Vickers, ahead of tomorrow's interim figures, finished 2 to the good at 198p, after 194p. John Brown, however, ended 2 easier at 462p, after 458p. Elsewhere, Ransomes Sims and Jeffereries rallied 6 to 174p and further small buying in a thin market ahead of today's preliminary results lifted Startrite a couple of pence more to 116p. In response to the strong profits recovery, Brasway added 2 to a 1978 peak of 39p, while recent investment favourite Chemring, gained 3 to 113p. Press comment drew buyers' attention to James Neill which improved 2 to 107p but Adwest lost 4 to 302p on further consideration of the results.

Adverse Press comment brought selling pressure to bear on RHM which eased 2½ to 57p. Elsewhere in Foods, Peter Pan Bakeries were marked down 10 to 50p on the announcement that the recent bid talks have proved fruitless. Small buying ahead of the results, expected shortly, lifted Bejam 2 to 61p, while investment demand raised Tate and Lyle 4 to 190p. Dealings were suspended in Goldrei Foucard at 78p at the company's request pending an announcement. In Supermarkets, Hillards regained 5 at 200p on further consideration of the chairman's statement.

Hay's Wharf wanted

Miscellaneous Industrial leaders leaders staged a modest technical rally yesterday. After opening easier, prices picked up to close with rises ranging to 4. Metal Box finished that much dearer at 330p, while Trafalgar House hardened 2 to 127p. Beecham picked up a penny to 722p, after 718p, and Glaxo rose a similar amount to 619p, after 616p; the latter's interim figures are due on October 9. Elsewhere, Hay's Wharf came in for some useful support and closed 7 to the good at 150p; the preliminary results are expected in a few weeks time. Higher interim profits helped Norman Hay add 2 to 62p and buying ahead of the annual results due in the next Account left Sears 1½ better at 42p. Office and Electronics edged forward a penny to 131p in response to the satisfactory half-year results but Unicorn Industries fell 5 to 101p in reaction to the disappointing first-half profits performance. Ricardo, 305p, and Vinten, 146p, lost 8 and 7 respectively and Sale Tilney closed 5 down at 315p.

Ahead of today's annual results, Campari put on 3 to 136p, but small selling left Barr and Wallace Arnold "A" 8 down at 151p.

Motor Distributors became a steadier market despite the deteriorating labour situation at Fords. Hanger Investments ended a penny harder at 46½p, after 48p, following the substantially improved first-half profits, while Appleyard, 91p, and Caffyns, 110p, put on 2 and 3 respectively. Oliver Rix ended ¾ firmer at 6p following a lively trade. Components had Brown Bros. a shade harder at 26¼p in front of tomorrow's interim report, while other firm spots included Rolls-Royce, 2 better at 119p, and Dowty, 3 firmer at 283p.

Watmoughs responded to the higher interim profits with an improvement of 2 to 106p, while Wace Group added a like amount at 65p following Monday's resumption of dealings. Elsewhere, small selling left W. N. Sharpe 5 cheaper at 150p.

Shell up

Leading Properties closed steady to firm with British Land the feature at 44p, up 2½. English Property improved a penny to 39p, as did Land Securities, to 243p, while MEPC firmed 2 to 147p. Warner Estate hardened 3 to a high for the year of 158p, while Apex and Warnford Investments added like amounts to 260p and 340p respectively. Despite the chairman's forecast of continued growth, Regional declined 4 to 78p. Allnatt, 224p, and Percy Bilton, 185p, also cheapened 4, the latter registering disappointment with the interim results.

Shell firmed 5 to 372p in unexciting Oils while British Petroleum attracted little attention and remained at the overnight level of 900p.

Sime Darby figured prominently in Overseas Traders, reflecting overseas advices with a reaction of 9 to 105p in front of tomorrow's preliminary results. Jamaica Sugar Estates finished a shade firmer at 13¼p on the announcement that the company's protracted negotiations with the National Sugar Company have now culminated in agreement over the sale of JSE's sugar interests.

Contrasting movements in Investment Trusts were provided by Jove Investment Capital, a shade cheaper at 7¾p in front of today's interim statement, and Jardine Securities, 5 better at 124p on Far Eastern advices.

P. & O. Deferred led Shippings into higher ground with an improvement of 3 to 97p. Lofs picked up a penny at 35½p, while a good two-way business developed in Ocean Transport which closed a like amount at 114p. Elsewhere, renewed speculative interest in a restricted market lifted Milford Docks 15 further to 120p.

Still reflecting the first-half profits setback, Albert Martin eased 3 to 90p for a two-day loss of 10.

Golds easier

Rubbers made another drab showing. Highlands slipped 5 to 105p, while numerous falls of around 2½ included Consolidated Plantations, 40p, Kulim, 43½p, and Muar River, 52p. Teas, however, held quietly steady with Mcleod Russel exceptionally firm at 242p, up 5.

South African Gold shares moved erratically throughout the day reflecting the uncertainty surrounding the bullion price and the dollar.

After being fixed at $219.10 in the morning, the bullion price eased to close $1.50 lower at $217.375 per ounce and Golds consequently ended the day slightly easier on balance. The Gold Mines index fell 2.1 to 177.9.

Among the heavyweights Randfontein gave up ¾ to £38¼, while losses of ¼ were common to Vaal Reefs and Western Holdings at £16 and £20¾ respectively. West Driefontein dropped a half point to £25. Of the cheaper-priced issues, Libanon were particularly weak and fell 26 to 534p.

South African Financials continued to drift owing to lack of interest. Anglo American Corporation slipped 4 to 344p, Union Corporation 3 to 302p and De Beers 2 to 418p.

London-domiciled Financials edged higher in sympathy with UK equities. Rio Tinto-Zinc were in demand and advanced 5 to 240p, while Charter Consolidated put on 2 to 133p.

Australians were featured by the strength of Uraniums following the statement by Mr. Douglas Anthony, Australian Deputy Prime Minister, that new uranium mines will have to be brought into production in order to meet existing export contracts.

Peko-Wallsend, a partner in the Ranger uranium project, rose 21 to 529p, while Pancontinental advanced a point to £11¼. On the other hand, EZ Industries, Peko's co-partner in the Ranger project, closed unaltered at 255p with the statement from Mr. Anthony being overshadowed by the sharp drop in the company's earnings in the year to last June.

Diamond exploration issues remained steady with Northern Mining hardening 4 to 136p. Base-metal producers usually improved. Bougainville continued to attract buying interest owing to their substantial gold interests; the shares added 2 more to 131p. Speculative buying lifted Paringa another 2½ to 34½p.

Tins lost further ground owing to continuing far eastern selling and the weakness of the metal price in Penang and London.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1978 high	1978 low
Shell Transport	25p	12	572	+ 3	602	484
ICI	£1	11	394	+ 3	421	328
Rank Org.	25p	11	264	− 4	298	226
BATs Defd.	25p	10	273	+ 3	304	227
GEC	25p	10	328	+ 8	338	233
Barclays Bank	£1	9	340	—	368	296
BP	£1	9	900	—	926	720
Racal Electronics	25p	9	328	+ 6	363	186
Trust House Forte	25p	9	242	—	250	166
Grd. Metropolitan	50p	8	113	+ 1	121	87
Plessey	50p	8	117	+ 3	125	87
Allied Breweries	25p	7	83	+ 1	94	78
Cadb'y Schweppes	25p	7	58½	—	61½	48
Marks & Spencer	25p	7	86	+ 2	94	67½
RTZ	25p	7	240	+ 5	258	164

OPTIONS

DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
Sep. 26	Oct. 9	Dec. 28	Jan. 9
Oct. 10	Oct. 23	Jan. 11	Jan. 23
Oct. 24	Nov. 6	Jan. 25	Feb. 6

For rate indications see end of Share Information Service

Money was given for the call in London and Northern, Aaronson Bros., Coral Leisure, English Property, UDT, Spillers, Allebone, Guthrie, Ladbroke, Bambers, Cons. Plantations Warrants, Drake and Scull, Duple Int., British Land, Pacific Copper and Scottish TV "A." Puts were dealt in MFI, Glaxo, Distillers and GEC, while doubles were arranged in Robertson Foods, J. J. Dyson "A," Cons. Plantation Warrants, UDT, First National Finance, Bambers, Plessey, LASMO and Oil Exploration. A short-dated call was transacted in Armstrong Equipment.

FINANCIAL TIMES STOCK INDICES

	Sept. 26	Sept. 25	Sept. 22	Sept. 21	Sept. 20	Sept. 19	A year ago
Government Secs.	70.15	70.24	70.55	70.81	70.71	70.57	77.88
Fixed Interest	72.04	72.16	72.30	72.38	72.17	72.10	78.00
Industrial	514.2	509.4	518.6	525.7	529.1	525.2	522.0
Gold Mines	177.9	180.0	178.4	183.1	181.3	182.2	146.2
Ord. Div. Yield	5.24	5.27	5.18	5.13	5.10	5.14	5.13
Earnings, Yld% (full)*	14.86	14.95	14.69	14.54	14.45	14.57	15.08
P/E Ratio (net)*†	8.91	8.86	9.01	9.11	9.16	9.09	9.46
Dealings marked	5,159	4,988	4,810	5,012	5,164	5,563	6,696
Equity turnover £m.	—	82.91	105.56	91.89	77.84	72.12	146.81
Equity bargains total	—	17,224	17,280	16,833	17,097	16,925	20,635

10 am 509.3. 11 am 511.3. Noon 512.7. 1 pm 513.4. 2 pm 510.9. 3 pm 511.7.

Latest Index 01-246 8026.

* Based on 52 per cent corporation tax. † Nil=5.68.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

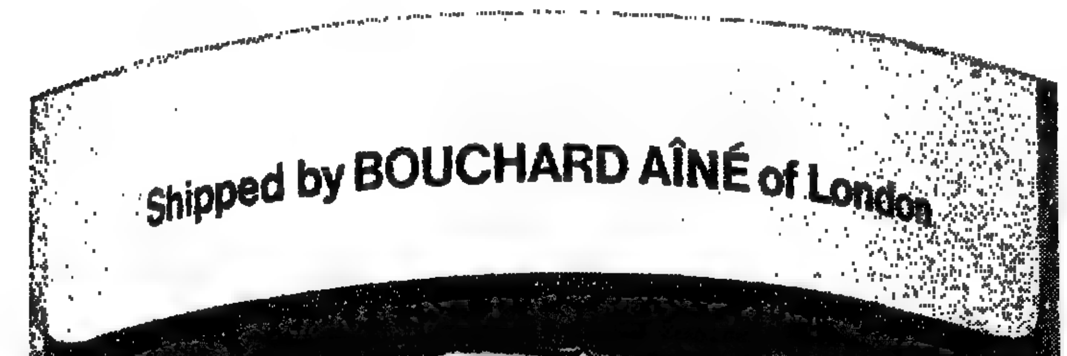
	1978 High	1978 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	78.58 (5/1)	68.79 (26/9)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	81.27 (9/1)	70.73 (26/9)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	535.5 (14/9)	433.4 (2/3)	549.2 (14/9/77)	49.4 (26/6/40)
Gold Mines	206.6 (14/8)	130.3 (3/1)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

	Sept. 26	Sept. 25
—Daily		
Gilt-Edged	154.2	153.1
Industries	191.2	188.7
Speculative	39.5	37.2
Totals	117.4	113.5
5-day Average		
Gilt-Edged	142.9	140.0
Industries	186.5	190.9
Speculative	36.9	35.7
Totals	114.4	116.3

LONDON TRADED OPTIONS

Option	Ex'rcise price	October Closing offer	October Vol.	January Closing offer	January Vol.	April Closing offer	April Vol.	Equity close
BP	850	60	10	94	1	122	5	900p
BP	900	30	42	61	15	87	—	
BP	950	10	21	38	10	59	—	
Com Union	140	12	—	18	—	23	78	150p
Com Union	160	1½	4	8½	—	13½	—	
Cons Gold	160	28	—	33	5	37	—	184p
Cons Gold	180	9½	16	17	5	26	—	
Cons Gold	200	2½	—	9	34	16	—	
Courtaulds	110	10	—	13	4	17	—	116p
Courtaulds	120	3½	—	8½	—	11½	17	
Courtaulds	130	2	20	4	—	7½	—	
GEC	260	70	4	79	—	90	—	327p
GEC	280	50	—	60	14	73	—	
GEC	300	30	19	45	—	59	6	
GEC	330	11	19	26	8	38	3	
GEC	360	3½	40	16	—	26	—	
Grand Met	100	14½	1	22	—	24	—	113p
Grand Met	110	7	—	14	—	15½	5	
Grand Met	120	2½	5	7	11	10	—	
ICI	390	15½	5	31	13	39	5	393p
ICI	420	4	75	17	—	23	—	
Land Secs.	200	45	—	48	2	53	—	243p
Land Secs.	240	8½	—	17	38	23½	—	
Land Secs.	260	2½	—	9	10	14	—	
Marks & Sp.	70	18	—	20½	4	24	—	86p
Marks & Sp.	80	10	20	13½	19	17	5	
Marks & Sp.	90	3	5	8	—	11	8	
Marks & Sp.	100	1	5	4½	—	5	4	
Shell	550	30	3	52	—	65	—	572p
Shell	600	8½	7	25	6	36	—	
Total			520		199		135	
		November		February		May		
Boots	200	21	—	27	6	55	—	219p
Boots	240	3	25	8	1	16	—	
Boots	260	1½	—	4	75	9	—	
EMI	140	21	11	23	2	29	—	152p
EMI	160	10	16	12	6	20	10	
EMI	180	4	—	7	1	13	10	
Imperial Gp	90	2	40	3½	—	6	—	85p
RTZ	220	22	—	34	2	43	—	240p
RTZ	240	11	14	23	10	51	—	
Totals			106		102		20	



What's in a name?

A name that's recognised can inspire awe, envy or, in this case, confidence.

It's a name with a reputation for accepting only the best, and maintaining the highest standards. An assurance for the wine-buyer that his choice has been expertly selected and carefully shipped.

A very good wine reasonably priced. Distinguishing it from the ranks of all the rest.

In other words, a name such as ours can sometimes be all the guarantee you need.

Because when it says Bouchard Aîné on the label, it says a lot for the wine.

read the small print first

Bouchard Aîné

Burgundy specialists and shippers of fine wine

13 ECCLESTON STREET, LONDON SW1

*Aîné denoting the eldest son of the family

NEW HIGHS AND LOWS FOR 1978

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1978.

NEW HIGHS (37)

BANKS (1)
Brown Shipley

BUILDINGS (5)
Costain (R.) — May & Hassell
Gibbs & Dandy A — Modern Engineers
Latham (J.)

STORES (2)
Bambers Stores — Kunick Hldgs.

ELECTRICALS (2)
Newmark (L.) — Unitech

ENGINEERING (5)
Brasway — Startrite
Cartwright (R.) — Williams & James
Chemring

FOODS (1)
Lyons (J.)

INDUSTRIALS (7)
Berwick Timpo — Hay (Norman)
Crean (J.) — Man. Ship Canal
Dykes (J.) — Prestige
Hamilborne

LEISURE (1)
Webb (J.)

PAPER (3)
Usher-Walker — Watmoughs
Wace Group

PROPERTY (1)
Warner Est.

SHIPPING (1)
Milford Docks

SHOES (1)
Garnar Scotblair

TEXTILES (3)
British Mohair — Dawson Intl.
Dawson Intl. A

TRUSTS (1)
Int. Inv. Trust Jersey

OILS (2)
Weeks Nat. Res. — Weeks Nat. Res. Pfd.

MINES (1)
Mincorp

NEW LOWS (3)

BRITISH FUNDS (2)
Exchequer 13pc 1980
Exchequer 12pc 1999-02 (£55 pd.)

TEXTILES (1)
Spencer (G.)

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	—	62	14
Corpns., Dom. and Foreign Bonds	2	7	53
Industrials	289	403	867
Financial and Prop.	88	120	300
Oils	12	4	20
Plantation	3	13	15
Mines	23	60	45
Recent Issues	7	12	16
Totals	424	681	1,318

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid Up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price p	+ or −	Div. Amount	Times Covered	Gross Yield	P/E Ratio
68	F.P.	31/8	87	71	Cartiers Superfoods	85	−1	bd 2.41	3.1	4.4	7.4
115	F.P.	8/9	169	136	Jones (E.) (Jew'lrs) 20p	163	......	65.5	2.1	5.0	14.1
¶¶	F.P.	24/11	36½	31½	Manor Nat Grp. Motrs.	31½	−2½	62.14	1.3	10.2	10.9

FIXED INTEREST STOCKS

Issue Price	Amount Paid Up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price £	+ or −
10p	—	13/10	15p	13p	Audiotronic 12% Conv. Prf.	14p	+ 1½
**	—	27/10	107p	104½p	Cowan De Groot 10½% Pref.	107p	......
99p	nil	29/9	3½pm	2pm	Hill & Smith 14% 1st Deb. 2000-05	2½pm	......
£100	F.P.	8/12	101¾	101	Howard & Wyndham 16% Uns. Ln. 86-91	101¾	......
**	F.P.	—	249	230	Intl. Thomson Conv. Red. Pref. 25p	245	......
£99½	F.P.	—	99⅝	99⅛	Kensington and Chelsea Var. Rate 1985	99	......
**		3/11	81	78	Latham James 8% Cum. Pref.	81	......
£100	F.P.	—	99⅞	98⅞	Northampton Var. Rate Red. 1983	98¾	−¼
£99¾	F.P.	—	99½	98½	Strathclyde Var. Rate 1983	98¼	......

"RIGHTS" OFFERS

Issue Price p	Amount Paid Up	Latest Renunc. Date ●	Latest Renunc. Date ■	1978 High	1978 Low	Stock	Closing Price p	+ or −
86	F.P.	19/9	27/10	73	70	Aaronson Bros.	71	−1
285	F.P.	22/9	27/10	350	327	B.T.R.	332	+1
528	Nil	—	—	40	28	Bank of Montreal	28	−4
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Barlow Rand	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Blackwood Hodge	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Chubb	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Cie. Fr. Petroles	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Dalgety	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Dorada	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Initial Services	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Lex Service	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Lon. & Midland Ind.	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Property Partnerships	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Wearwell	[illegible]	[illegible]

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. u Forecast dividend; cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1979. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. pt Pence unless otherwise indicated. ¶ Issued by tender. || Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. †† Minimum tender price. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or take-over. ||| Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS
GROUPS & SUB-SECTIONS
Figures in parentheses show number of stocks per section

	Equity groups	Tues., Sept. 26, 1978 Index No.	Day's Change %	Est. Earnings Yield % (Max.) Corp. Tax 52%	Gross Div. Yield % (ACT at 33%)	Est. P/E Ratio (Net) Corp. Tax 52%	Mon., Sept. 25 Index No.	Fri., Sept. 22 Index No.	Thur., Sept. 21 Index No.	Wed., Sept. 20 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (171)	249.03	+0.6	15.55	5.01	8.83	247.50	252.60	254.63	255.01	216.20
2	Building Materials (27)	216.13	+0.2	16.30	5.21	8.46	215.71	219.92	221.70	221.79	199.31
3	Contracting, Construction (28)	409.99	+0.3	17.44	3.82	8.36	408.94	415.22	416.93	413.26	340.67
4	Electricals (14)	562.83	+1.9	12.88	3.29	10.73	552.41	568.14	573.58	578.70	458.82
5	Engineering Contractors (14)	374.70	+0.2	17.72	5.82	7.65	374.02	380.62	381.65	380.22	314.89
6	Mechanical Engineering (72)	197.31	+0.3	16.67	5.53	8.00	196.67	200.62	202.03	202.21	171.88
8	Metals and Metal Forming (16)	176.74	−0.4	15.17	8.04	9.13	177.44	179.52	181.80	181.73	164.61
11	CONSUMER GOODS (DURABLE) (53)	217.37	+0.8	16.05	4.87	8.68	215.67	219.75	222.28	223.27	203.87
12	Lt. Electronics, Radio, TV (16)	265.99	+1.2	14.08	3.83	9.94	262.91	268.99	272.62	273.68	245.21
13	Household Goods (12)	183.84	−0.9	16.20	6.16	8.50	185.51	188.36	188.47	188.34	181.51
14	Motors and Distributors (25)	131.21	+0.6	19.25	6.29	7.21	130.48	132.17	134.39	134.46	125.19
21	CONSUMER GOODS (NON-DURABLE) (172)	218.38	+0.5	15.23	5.62	8.85	217.39	220.11	222.53	223.08	205.99
22	Breweries (14)	231.88	+0.8	14.47	6.12	9.51	229.99	231.08	236.35	236.80	212.31
23	Wines and Spirits (6)	286.48	+0.8	14.88	5.02	10.03	284.22	288.90	293.76	296.32	245.62
24	Entertainment, Catering (17)	271.46	−0.1	14.95	6.40	9.77	271.66	276.89	278.95	279.76	255.14
25	Food Manufacturing (19)	213.33	−0.2	18.14	5.06	7.30	213.70	216.65	217.79	217.87	207.18
26	Food Retailing (15)	229.34	—	13.29	4.49	10.42	229.39	232.94	235.26	235.32	220.54
32	Newspapers, Publishing (12)	396.12	−0.3	19.71	6.09	7.16	397.39	404.25	407.69	408.44	355.86
33	Packaging and Paper (15)	147.05	−0.2	17.65	7.27	7.46	147.32	149.96	151.47	151.93	138.92
34	Stores (40)	206.85	+0.9	10.56	4.39	13.84	205.04	207.37	210.51	211.69	199.08
35	Textiles (25)	185.35	+1.0	17.78	7.52	7.31	183.48	185.06	184.00	184.56	177.15
36	Tobaccos (3)	248.95	+0.6	22.11	7.53	5.35	247.46	250.14	252.22	251.11	232.36
37	Toys and Games (6)	119.82	−0.5	18.92	5.33	6.18	120.41	121.78	123.37	123.54	114.19
41	OTHER GROUPS (99)	213.87	+0.3	14.53	5.62	8.87	213.17	215.97	217.86	218.36	207.33
42	Chemicals (19)	298.93	+0.5	15.23	6.32	8.56	297.51	300.81	303.68	304.78	283.68
43	Pharmaceutical Products (7)	282.56	+0.1	10.16	3.64	12.11	282.15	285.78	287.15	287.69	0.00
44	Office Equipment (6)	138.49	−1.2	17.54	5.49	6.80	140.15	143.63	146.05	147.17	136.22
45	Shipping (10)	438.33	+1.7	14.18	6.95	9.01	431.07	436.03	440.69	440.27	519.90
46	Miscellaneous (57)	228.42	+0.3	16.12	5.96	8.24	227.64	230.65	232.63	232.76	211.89
49	INDUSTRIAL GROUP (495)	232.06	+0.5	15.20	5.40	8.84	230.93	234.44	236.72	237.27	216.80
51	Oils (5)	508.53	+0.4	13.74	3.95	7.90	506.42	511.89	516.56	513.39	536.71
59	500 SHARE INDEX	255.34	+0.5	14.99	5.19	8.69	254.12	257.82	260.30	260.59	241.83
61	FINANCIAL GROUP (100)	168.62	+0.1	—	5.76	—	168.45	171.47	174.00	174.42	173.32
62	Banks (6)	186.02	−0.1	25.13	6.30	5.97	186.22	190.22	194.32	195.15	187.67
63	Discount Houses (10)	208.37	−1.0	—	8.30	—	210.43	217.58	218.06	218.30	229.94
64	Hire Purchase (5)	158.14	+0.7	15.40	5.21	8.57	156.97	160.44	162.29	164.00	170.33
65	Insurance (Life) (10)	138.76	+0.5	—	6.69	—	138.10	141.24	143.26	143.10	142.07
66	Insurance (Composite) (7)	126.61	+0.2	—	6.92	—	126.38	128.72	130.59	132.14	148.88
67	Insurance Brokers (10)	345.42	—	13.68	4.63	10.46	345.45	348.37	349.54	347.31	362.43
68	Merchant Banks (14)	84.32	−0.3	—	5.77	—	84.62	85.00	85.99	86.29	83.86
69	Property (31)	262.47	+0.2	3.31	2.89	51.69	261.82	265.66	268.78	266.90	227.16
70	Miscellaneous (7)	110.34	+0.1	22.88	7.57	5.66	110.25	112.35	114.35	114.01	104.42
71	Investment Trusts (50)	229.03	—	3.04	4.53	32.88	229.04	232.03	232.84	233.45	205.86
81	Mining Finance (4)	108.14	+1.2	16.31	6.58	7.46	106.83	107.93	109.72	111.04	99.63
91	Overseas Traders (19)	326.79	+0.2	15.01	7.04	8.36	325.99	329.47	330.86	330.13	288.94
99	ALL-SHARE INDEX (673)	232.85	+0.4	—	5.32	—	231.92	235.36	237.76	238.11	222.82

FIXED INTEREST PRICE INDICES

	British Government	Tues., Sept. 26	Day's change %	xd adj. To-day	xd adj. 1978 to date
1	Under 5 years	104.44	−0.10	—	7.06
2	5-15 years	114.81	−0.17	—	7.61
3	Over 15 years	120.84	−0.23	—	9.59
4	Irredeemables	127.76	−0.11	—	9.02
5	All stocks	112.78	−0.16	—	8.12

FIXED INTEREST YIELDS
Br. Govt. Av. Gross Red.

			Tues., Sept. 26	Mon., Sept. 25	Year ago (approx.)
1	Low Coupons	5 years	9.03	8.98	[illegible]
2		15 years	10.82	10.92	[illegible]
3		25 years	11.78	11.76	[illegible]
4	Medium Coupons	5 years	11.95	11.90	[illegible]
5		15 years	12.11	12.09	[illegible]
6		25 years	12.17	12.15	[illegible]
7	High Coupons	5 years	11.90	11.86	[illegible]
8		15 years	12.71	12.67	[illegible]
9		25 years	12.87	12.84	[illegible]
10	Irredeemables		11.61	11.60	[illegible]

		Tuesday, Sept. 26 Index No.	Tuesday, Sept. 26 Yield %	Monday Sept. 25	Friday Sept. 22	Thurs. Sept. 21	Wed. Sept. 20	Tues. Sept. 19	Mon. Sept. 18	Friday Sept. 15	Year ago (approx.)
15	20-yr. Red. Deb & Loans (15)	57.57	12.89	57.64	57.64	57.54	57.64	57.55	57.55	57.67	59.8
16	Investment Trust Prefs. (15)	51.71	13.51	51.71	51.96	51.96	51.87	51.87	51.87	51.12	55.2
17	Coml. and Indl. Prefs. (20)	71.45	12.84	71.54	71.39	71.39	71.37	71.21	71.21	71.31	77.1

† Redemption yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 22p.

AUTHORISED UNIT TRUSTS

Abbey Unit Tst., Mgrs. Ltd. (a)
72-80, Gatehouse Rd. Aylesbury 0296 5941

Abbey Capital	35 9	38.2	....	4 08
Abbey Income	42 6	45 3	....	5 67
Abbey Inv Tst Fd.	38.9	41 4	....	4 05
Abbey Gen. Tst	48 1	51 2	....	4 05
Equitas Prog. Tst.	70.5	74 4	....	3 83

Allied Hambro Group♥ (a)(g)
Hambro Hse., Hutton Brentwood, Essex.
01-588 2851 or Brentwood (0277) 211459

Balanced Funds

Allied 1st	69 7	74 6	....	5 43
Brit. Inds. Fund	67.3	72 0	−0 1	5 23
Grth. & Inc.	39 9	42.7	....	4 92
Elect. & Ind. Dev.	36 9	39 5	....	4 48
Allied Capital	77 2	82 6	....	4 11
Hambro Fund	112.5	120 4	−0 2	4 75
Hambro Acc. Fd.	127.8	136 8	+0 2	4 24

Income Funds

High Yield Fd.	74 9	80.2	−0 5	7 63
High Income	69 4	74.3	−0.3	6 52
A.H. Eq. Inc.	41.3	44.2	−0.1	6.78

International Funds

International	27.7	29 6	+0.5	2.30
Pacific Fund	49.3	52 8	+0 8	1.89
Secs. Of America	55 6	59.5	−0.1	1.99
U.S.A. Exempt♦	95.1	100 1	−0.1	1 50

Specialist Funds

Smaller Co's Fd.	41 0	43 9	−0 1	4 21
2nd Smlr. Co's Fd.	49.0	52.5	−0 3	4 53
Recovery Sits.	101.2	108 3	−0 6	4.75
Met. Min. & C'dty.	43 7	46 8	....	4 89
Overseas Earnings	61.5	65 9	−0.1	4 40
Expt. Smlr. Co's	251.4	264.7	−1.4	4.53

Anderson Unit Trust Managers Ltd.
158 Fenchurch St. EC3M 6AA 623 9231

Anderson U.T.	54.5	58.8	−1 9	4 75

Ansbacher Unit Mgmt. Co. Ltd.
1 Noble St., EC2V 7JA. 01 623 6376

Inc. Monthly Fund	170.0	180.0	....	9 02

Arbuthnot Securities Ltd. (a)(c)
37, Queen St. London EC4R 1BY 01-236 5281

Extra Income Fd.	110 4	118.8	+0 1	10.52
High Inc. Fund	42 6	45.9	−0.3	8.89
(Accum. Units)	59.5	64 0	−0.3	8 89

Framlington Unit Mgt. Ltd. (a)
5-7, Ireland Yard, EC4B 5DH 01-248 6971

American	51.6	54 8	....	1 18
Capital Tst.	141.0	150 0	....	3 23
Income Tst	119.8	127 4	....	6 06
Int. Growth Fd.	126 0	134.0	....	2 07
Do. Accum	130.0	138.2	....	2 07

Friends' Provdt. Unit Tr. Mgrs.♥
Pixham End, Dorking. 0306 5055

Friends Prov Uts.	46.3	49.5	−0.1	3 87
Do Accum	59.9	64 0	....	3 87

G.T. Unit Managers Ltd.♥
16, Finsbury Circus EC2M 7DD 01-628 8131

G.T. Cap. Inc	91.0	96.8	....	3 50
Do. Acc.	110 2	117.2	....	3.50
G.T. Inc. Fd. Un.	173 1	184.1	−1.1	8.10
G.T. U.S. & Gen	142.6	151.6	+0 9	2 20
G.T. Japan & Gen	365 6	384 8	+3 8	0 80
G.T. Pens. Ex. Fd.	143 1	150.2	−0 4	3.80
G.T. Int'l Fund	160 2	170 4	+3 8	1 80
G.T. Four Yds. Fd.	58.7	62.4	+0.4	7.00

G. & A. Trust (a)(g)
5, Rayleigh Rd., Brentwood (0277) 227300

G. & A.	35 2	37.6	....	4 51

Gartmore Fund Managers ♥ (a)(g)
2, St. Mary Axe, EC3A 8BP. 01-283 3531

(a)American Tst.	29.2	31 4	....	0.10
British Tst. (Acc.)	60.9	65 5	−0 1	2 76
Commodity Share	167 0	179 6	−0 5	2 80
Extra Income Tst.	26 0	28.0	....	8 21
(a)Far East Trust	39 7	42.7	+0 6	0 53
High Income Tst.	62 2	66.9	−0 2	8 38
Income Fund	79 1	85.1	....	5 65
Ins. Agencies	14 57	15 88	−0 01	2 76
Intl. Exempt Fd.	92 8	101 4	+0 2	5 24
(a)Intl. Tst. (Acc.)	34.7	37.3	−0.1	0 91

Gibbs (Antony) Unit Tst. Mgs. Ltd.
3, Frederick's Pl., Old Jewry, EC2 01-588 4111

(a)A.G. Income*	44 9	48.3	....	7 50
(a)A.G. Growth†	41.0	44.1	−0.7	4 90
(a)A.G. Far East*	26.2	28.2	....	0 50

Dealing *Tues. ††Wed.

Govett (John)♥
77, London Wall, EC2. 01-588 5620

[illegible]

Equity & Law Un. Tr. M.♥ (a)(b)(c)(z)
Amersham Rd., High Wycombe. 0494 33377

Equity & Law	69.8	73.4	....	4.11

James Finlay Unit Trust Mngt. Ltd.
10-14, West Nile Street, Glasgow. 041 204 1321

Finlay Internat'l	25.0	27.2	....	2.13
Accum. Units	29.5	32 0	....	2 13
Finlay Income	35 8	38.8	....	7.77
Finlay Euro. Fin.	28.0	30.5	....	3.51
Accum. Units	32.8	35.5	....	3 51
Finlay Fd. In. Tst.	30.2	32 7	....	3.88
Accum. Units	34 6	37 6	....	3.88

Prices Sept. 20. Next dealing Sept. 27.

Midland Bank Group Unit Trust Managers Ltd.
Sheffield, S1 3RD. Tel. 0742 79842

Commodity & Gen.	73 1	78.7	−0.5	4 85
Do. Accum.	84.3	90.8	−0.5	4 85
Growth	37.8	40.7	+0 1	2 78
Do. Accum.	40 5	43 6	+0.1	2.78
Capital	28 8	31.9	....	3.01
Do. Accum.	31.4	33 8	....	3 01
Income*	54 2	58.3	−0 2	6 16
Do. Accum.	63.2	68 0	−0.2	6.16
International	47 0	50 6	+0 1	2.28
Do. Accum.	50.2	54 1	+0 2	2.28
High Yield	66.4	71.4	+0.1	7.54
Do. Accum.	70.4	75.7	+0 1	7.54
Equity Exempt*	108 1	114 1	....	5.49
Do. Accum.*	108 1	114.1	....	5.49

*Prices at Aug. 31. Next dealing Sept. 29.

CORAL INDEX: Close 513-518

INSURANCE BASE RATES

†Property Growth 10¼%

†Vanbrugh Guaranteed 9.37%

†Address shown under Insurance and Property Bond Table.

INSURANCE AND PROPERTY BONDS

[illegible]

OFFSHORE AND OVERSEAS FUNDS

Alexander Fund
37, rue Notre Dame, Luxembourg.

Alexander Fund	$US7 47	....	—

Net asset value September 13.

Allen Harvey & Ross Inv. Mgt. (C.I.)
1, Charing Cross, St. Helier, Jsy C.I. 0534-73741

AHR Gilt Edg. Fd.	10 00	10 02	....	12 15

Arbuthnot Securities (C.I.) Limited
P.O. Box 284, St. Helier, Jersey. 0534 72177

Cap. Tst. (Jersey)	118 0	122 0	....	4 10

Next dealing date October 10.

Gov't Secs Tst.	100	102	....	12.00

Next dealing date September 25.

East & Intl Tst (C.I.)	122 0	129 0	....	2.90

Next dealing date September 28.

Australian Selection Fund NV
Market Opportunities, c/o Irish Young & Outhwaite, 127, Kent St., Sydney.

US$1 Shares	$US1 64	....	—

Net asset value September 8.

Bank of America International S.A.
35 Boulevard Royal, Luxembourg G.D.

Wldinvest Income	$US119 03	124.51	....	7.42

Prices at Sept. 21. Next sub. date Sept. 27.

Banque Bruxelles Lambert
2, Rue De la Regence B 1000 Brussels

Renta Fund LF	1,927	1,987	−2	7.71

Barclays Unicorn Int. (Ch. Is.) Ltd.
1, Charing Cross, St. Helier, Jrsy. 0534 73741

[illegible]

Keyselex Mngt. Jersey Ltd.
PO Box 98, St. Helier, Jersey. (Eng. 01-606 7070)

Fonselex	Frs 1,359	1,415	−66	2.8
Bondselex	Frs 116.80	122.00	....	—
Keyselex Japan	£16.32	—	....	—
Cent. Assets Cap.	£136 92		+0 03	—

King & Shaxson Mgrs.
1 Charing Cross, St. Helier, Jersey (0534) 73741
Valley Hse. St. Peter Port, Gnsy. (0481) 24706
1 Thomas Street, Douglas, I.O.M. (0624) 4856

Gilt Fund (Jersey)	£9 14	9.16	....	12.00
Gilt Trust (I.o.M.)	103 6	106 2	−0.2	12.00
Gilt Fnd. Guernsey	£9.55	9.57	....	12.00

Intl. Govt. Secs. Tst.

First Sterling	£17 93	18 03	−0 21	—
First Intl.	$US189 07	188	+0 11	—

Kleinwort Benson Limited
20, Fenchurch St., EC3 01-623 8000

Eurinvest Lux. F		1,163	+4	3 00
Guernsey Inc	69 0	73 4	....	4 18
Do. Accum.	85 1	90 6	....	4.18
KB Far East Fd		$US14.32	....	1.39
KB Intl. Fund		$US12 42	....	1 85
KB Japan Fund		$US40.61	....	0.62
K.B. U.S. Gwth. Fd.		$US13 15	....	0 60
Signet Bermuda		$US5.19	−0 16	1 73
*Unifonds (DM)	19.90	21.00	+0 10	8 10

*KB act as London paying agents only.

Lloyds Bk. (C.I.) U/T Mgrs.
P.O. Box 195, St. Helier, Jersey. 0534 27561

Lloyds Tst. O'seas.	63 1	66 4	....	0.67

Next dealing date October 16.

Lloyds Bank Intl. Geneva.

[illegible]

NOTES

[illegible]

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[illegible]

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Undated

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[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS

Public Board and Ind.

[illegible]

Financial

[illegible]

FOREIGN BONDS & RAILS

1978 High	Low	Stock	Price £	+ or –	Div. % Gross	Red. Yield
24	17	Antofagasta Rly.	24	.....	—	—
41	33	Do 5pc Pref.	41	.....	—	—
98	98	Chilean Mixed	98	.....	—	13 10
415	350	German Yng 4½pc	411	.....	4½	—
54	46	Greek 7pc Ass.	52	.....	3½	16.90
51	46	Do 6pc 28 Stab. Ass.	50	.....	6	16.04
44	40	Do 4pc Mixed Ass.	42	.....	4	15.05

BONDS & RAILS—Cont.

[illegible]

U.S. & DM prices exclude inv. $ premium

AMERICANS

[illegible]

S.E. List Premium 44⅞% (based on US$1.9765 per £)
Conversion factor 0.6953 (0.7010)

CANADIANS

[illegible]

S.E. List Premium 44⅞% (based on $2.3284 per £)

BANKS AND HIRE PURCHASE

[illegible]

1978 High	Low	Stock	Price	+ or –	Div Net	Cvr	Y'ld Gr's	P/E
100	81	Hill Samuel	97	.....	4.97	—	7.7	—
600	325	Do Warrants	350	–25	—	—	—	—
360	203	Hong Shng $2.50	310	+9	h0259c	—	2.2	—
69	52	Jessel Toynbee	58	.....	h3.32	—	8.5	—
215	160	Joseph (Leo) £1	200	.....	8.74	—	6.5	—
52	37	Keyser Ullmann	50	–1	0.67	—	2.0	—
74	56	King & Shax 20p	60	.....	3.44	—	8.6	—
114	90	Kleinwort B.L.	105	.....	†4.18	—	6.1	—
297	242	Lloyds £1	256	.....	†9.23	4.8	5.4	5.8

BANKS & HP—Continued

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

CHEMICALS, PLASTICS

[illegible]

CHEMICALS, PLASTICS—Cont.

[illegible]

DRAPERY AND STORES

[illegible]

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[illegible]

ENGINEERING MACHINE TOOLS

[illegible]

ENGINEERING—Continued

[illegible]

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[illegible]

FOOD, GROCERIES—Cont.

[illegible]

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INDUSTRIALS (Miscel.)

[illegible]

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MINES

CENTRAL RAND

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O.F.S.

FINANCE

DIAMOND AND PLATINUM

MINES—Continued

CENTRAL AFRICAN

1978 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Y'ld Gr's
210	155	Falcon Rh 50c	170xd	......	Q60c	ϕ	21.4
24	15	Rhod'n Corp. 16½p	16	......	0.57	7.1	5.3
80	52	Roan Cons. K4	65	−3	—	—	—
41	22	Wankie Col. Rh 1	33	......	†Q7½c	1.4	19.4
17½	10	Zam.Cpr. SBD0.24	14	......	—	—	—

AUSTRALIAN

1978 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Y'ld Gr's
15	10	Acmex 25c	12	......	—	—	—
140	64	Bougainville 50 Toea	132	+2	†Q8c	1.4	3.8
131	63	BH South 50c	121	+1	—	—	—
820	150	Central Pacific	525	......	—	—	—
336	148	Conzinc Riotinto 50c	318	......	†Q10c	2.2	‡
27	9½	Endeavour 20c	25	+½	—	—	—
72	45	G.M. Kalgoorlie $1	64	......	—	—	—
68	18	Hooma Gold N.L.	64	......	—	—	—
140	81	Hampton Areas 5p	131	......	t3.55	2.0	4.0
40	10	Metals Ex. 50c	39	......	—	—	—
223	125	M.I.M. Hldgs. 50c	205	+2	Q9c	1.7	2.7
39	10	Mount Lyell 25c	31	−2	—	—	—
6½	1½	Newmetal 10c	6½	......	—	—	—
143	79	North B. Hill 50c	122	+2	Q8c	ϕ	4.1
16½	8½	Nth. Kalgurli	14½	......	—	—	—
50	12	Nth. West Mining	43	......	—	—	—
178	117	Oakbridge $A1	155	......	†Q11c	1.9	4.4
70	30	Pacific Copper	62	−2	—	—	—
£15½	750	Pancont'l 25c	£11¼	+1	—	—	—
40	12	Paringa M&Ex 5p	34½	+2½	—	—	—
570	310	Peko-Wallsend 50c	529	+22	Q15c	ϕ	3.8
300	50	Southern Pacific	205	......	—	—	—
164	84	Westn. Mining 50c	156	+1	Q3c	ϕ	‡
70	35	Whim Creek 20c	40	......	—	—	—

TINS

1978 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Y'ld Gr's
30	23	Amal. Nigeria	23xd	−3	2.82	ϕ	18.3
420	240	Ayer Hitam $M1	345	−5	†Q16.7c	0.9	‡
60	45	Beralt Tin	48	−1	t4.0	4.4	13.1
305	200	Berjuntai $M1	250	−5	Q110c	ϕ	9.5
155	111	Geevor	145	−5	5.04	5.8	5.2
10½	8½	Gold & Base 12½p	10	......	—	—	—
340	220	Gopeng Cons.	330	−5	15.23	0.9	7.0
225	130	Hongkong	220	......	—	—	—
93	78	Idris 10p	90	......	‡12.0	1.6	‡
11	7	Jantar 12½p	8	......	—	—	—
84	68	Kamunting $M0.50	75	−1	Q12½c	2.1	3.6
640	450	Killinghall	635	......	Q125	ϕ	19.7
470	280	Malay Dredging $M1	435	−10	†Q95c	0.8	4.7
78	40	♦Pahang	66	−2	‡Q5.75c	0.5	‡
78	50	Pengkalen 10p	74	−2	6.60	1.3	13.3
270	165	Petaling $M1	250	−10	†Q80c	1.6	7.3
64	49	Saint Piran	57	−1	2.03	ϕ	5.3
63	47	South Crofty 10p	57	−1	4.19	2.0	11.0
245	140	South Kinta $M0.50	210	−5	SQ145c	0.6	14.8
340	230	Sthn. Malayan $M1	315	......	tQ130.5c	1.1	9.0
240	134	Sungei Besi $M1	195	−15	Q65c	ϕ	7.2
85	55	Supreme Corp. $M1	70	......	ZQ10c	—	3.1
100	85	Tanjong 15p	90	......	6.60	0.8	10.9
100	74	Tongkah Hrbr. $M1	90	......	‡Q66.87½	1.6	‡
270	148	Tronoh $M1	250	−5	ZQ88c	1.6	8.2

COPPER

1978 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Y'ld Gr's
104	70	Messina R0.50	75	......	‡Q30c	1.9	‡

MISCELLANEOUS

1978 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Y'ld Gr's
68	35	Barymin	59	+1	—	—	—
17	9	Burma Mines 17½p	13	......	—	—	—
300	215	Cons. Murch. 10c	255	......	‡Q30c	2.6	‡
465	245	Northgate C$1	360	+10	—	—	—
258	164	R.T.Z.	240	+5	9.5	2.8	6.0
90	30	Sabina Inds. C$1	54	+2	—	—	—
£12	750	Tara Exptn. $1	825	......	—	—	—
74	45	Tehidy Minerals 10p	70	−2	♦1.35	ϕ	2.9
185	120	Yukon Cons. C$1	145	......	Q7c	2.9	2.3

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 33 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- Sterling denominated securities which include investment dollar premium.
- "Tap" Stock.
- Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- Figures or report awaited.
- †† Unlisted security.
- Price at time of suspension.
- Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- Merger bid or reorganisation in progress.
- Not comparable.
- Same interim: reduced final and/or reduced earnings indicated.
- Forecast dividend: cover on earnings updated by latest interim statement.
- Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- Excluding a final dividend declaration.
- Regional price.
- No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date. ¶¶ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

"Recent Issues" and "Rights" Page 40

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REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Stock	Price	+ or —
Albany Inv. 20p	25	......
Ash Spinning	49	+3
Bertam	20	......
Bdg'wtr. Est. 50p	327	−3
Clover Croft	26	......
Craig & Rose £1	520	......
Dyson (R. A.) A	37	......
Ellis & McHdy.	67	......
Evered	28xd	......
Fife Forge	52	......
Finlay Pkg. 5p	21	......
Graig Ship. £1	130	......
Higsons Brew.	80	......
I.O.M. Stm. £1	153	......
Holt (Jos.) 25p	258	......
N'thn. Goldsmith	68	−2
Pearce (C. H.)	190	......
Peel Mills	20	......
Sheffield Brick	45	......
Sheff. Refrshmt.	63	......
Sindall (Wm.)	105	......

IRISH

Stock	Price	+ or —
Conv. 9% '80/82	£91⅞	......
Alliance Gas	78	......
Arnott	410	......
Carroll (P.J.)	105	......
Clondalkin	90	......
Concrete Prods.	145	......
Heiton (Hldgs.)	50	−2
Ins. Corp.	180	......
Irish Ropes	130	......
Jacob	60	−3
Sunbeam	31	......
T.M.G.	195	......
Unidare	110	......

OPTIONS
3-month Call Rates

Industrials					
A. Brew	6½	"Imps"	6	Unilever	35
A.P. Cement	18	I.C.L.	20	Utd. Drapery	7½
B.S.R.	9	Inveresk	8	Vickers	15
Babcock	11	KCA	3	Woolworths	5
Barclays Bank	25	Ladbroke	17	**Property**	
Beecham	35	Legal & Gen.	14	Brit. Land	3¼
Boots Drug	15	Lex Service	7	Cap. Counties	4½
Bowaters	16	Lloyds Bank	22	E.P.	5
B.A.T.	24	"Lofs"	4	Intereuropean	4
British Oxygen	6	London Brick	5	Land Secs.	16
Brown (J.)	20	Lonrho	5	MEPC	12
Burton 'A'	12	Lucas Inds.	25	Peachey	8
Cadburys	5	Lyons (J.)	10	Samuel Props.	9
Courtaulds	10	"Mams"	7	Town & City	1¼
Debenhams	8	Mrks. & Spncr.	10	**Oils**	
Distillers	15	Midland Bank	25	Brit. Petroleum	45
Dunlop	7	N.E.I.	12	Burmah Oil	5
Eagle Star	11	Nat. West. Bank	22	Charterhall	3
E.M.I.	14	Do. Warrants	10	Shell	28
Gen. Accident	17	P & O Dfd.	8	Ultramar	20
Gen. Electric	18	Plessey	8	**Mines**	
Glaxo	40	R.H.M.	5	Charter Cons.	12
Grand Met.	9	Rank Org. 'A'	18	Cons. Gold	14
G.U.S. 'A'	20	Reed Intnl.	12	Rio T. Zinc	16
Guardian	18	Spillers	3		
G.K.N.	22	Tesco	4		
Hawker Sidd.	28	Thorn	22		
House of Fraser	12	Trust Houses	15		
I.C.I.	20	Tube Invest.	30		

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EMI hit by fall in orders for scanner

BY DAVID FISHLOCK, SCIENCE EDITOR

EMI HAS orders for fewer than 100 of its EMI-Scanner medical instruments compared with sales of 470 for 1975-76—its peak year of production—Sir John Read, EMI chairman, said yesterday.

Sir John, announcing a powerful series of EMI-Scanner instruments—*including an instrument* which can show the nerve tissue of the spinal cord—warned that EMI's end-year results on October 5 would confirm how badly its medical division's performance had been affected by the turn-down in U.S. orders.

Sir John recalled that, in warning shareholders at the Annual Meeting in December *that this year's figures would be* a severe disappointment. "our medical business was foremost in our minds."

The problems of the medical division had arisen through a combination of a "slashed and very restricted market in the U.S., after a major U.S. investment, major costs in building up a service organisation and updating earlier equipments, together with the inability to secure proper margins."

The scanner is an EMI invention for diagnosing disease, in which the power of a minicomputer is harnessed to X-ray technology to see through tissues normally screened by bone.

EMI invested about £12m to bring its invention to the market in 1972, and since then has had *more than £200m sales.*

According to EMI, its patents on the invention—it has applied for more than 500 worldwide—are being infringed by rivals, *and it has already filed suits* against three U.S. competitors: Ohio-Nuclear, Pfizer and, most recently, U.S. General Electric.

The setback in the crucial U.S. *market*, said Sir John, was primarily the result of regulatory measures taken by the U.S. Government on the cost of health care, which had affected the entire CT scanner market in *the U.S. Orders had fallen by 60 per cent* compared with the peak year.

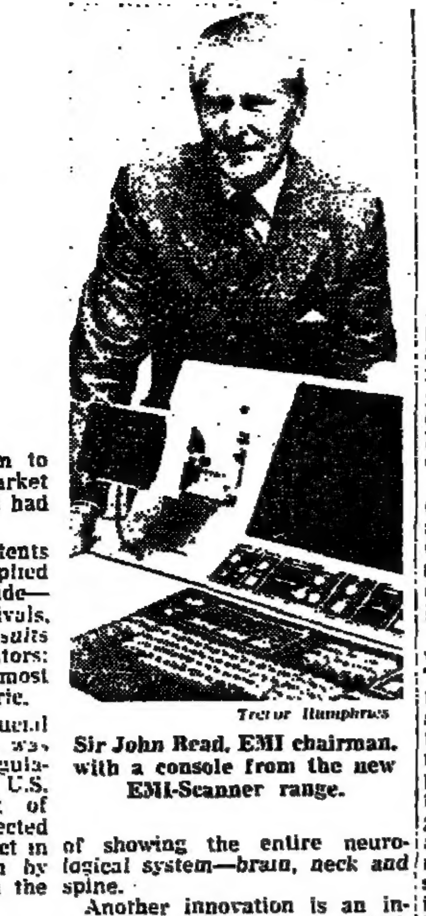
But Sir John claimed that the U.S. market was looking "a little *more hopeful*" *as a result of* Congress's rejection of cost-restraint *on new medical tech*nology, in favour of a voluntary scheme put forward by the *medical profession and hospitals.*

The company claims three innovations in its series 7000, arising from a research and development effort which, at its peak, was costing more than £12m a year. One is a high-resolution CT scanner version of the original brain scanner, capable of showing the entire neuro*logical system—brain, neck and* spine.

Another innovation is an integrated therapy system which can be used to delineate a medical problem—such as a tumour—and compute a pattern of radiation treatment confined to the affected area.

The third development announced yesterday is the so-called "nutating" scanner, claimed to offer a scanning time of only three seconds without sacrificing the quality of the image associated with EMI's slower scanners.

EMI's share price closed yesterday at 155p—down 3p.



Trevor Humphries

Sir John Read, EMI chairman, with a console from the new EMI-Scanner range.

Greater emphasis on offshore oil predicted by BP chief

BY KEVIN DONE, ENERGY CORRESPONDENT

THE EQUIVALENT of 10 new North Sea oil provinces must be discovered around the world if reserves *are to reach expected* levels by the year 2000. Dr. Jack Birks, a managing director of British Petroleum, said yesterday.

Investment in exploration and development outside the U.S. in coming years will largely be concentrated in offshore areas. This effort will demand an *expenditure offshore* in the non-communist world alone of as much as \$440bn (£220bn) by 1990. \$340bn (£170bn) on development and \$100bn (£50bn) on exploration.

Dr. Birks, addressing a European offshore industry export conference in London, organised by the Offshore Centre, said that by the year 2000 there could be discoveries totalling 240bn barrels of oil, of which about 100bn would be offshore. Present world reserves are some 615bn barrels, of which 155bn are offshore.

British Petroleum is planning to spend about £150m this year on exploration. More than £30m of this will be spent in UK waters with other exploration concentrating on Norway, Canada, *Egypt and Brazil.*

Dr. Birks renewed hopes that the BP oil discovery west of the Shetland Islands will prove commercial.

He said that the third well being drilled on block 206/8 had given preliminary shows of oil and gas. Testing will follow shortly. The second well produced oil and gas, but in non-commercial quantities.

Dr. Birks said he felt sure that the discovery would be developed, probably in five to ten years. But the field would be expensive to exploit because the band of oil bearing rocks was relatively shallow. It would have to be a multi-platform development.

The peak potential for world oil production would probably be in the late 1980s or early 1990s. Oil was being consumed at about 25bn barrels a year, about double the annual level of discoveries *expected up to the year 2000.*

Offshore supplies account for 18-20 per cent of world oil production but this will reach 30-35 per cent by the late 1980s.

Dr. Birks made a plea for the oil industry to be allowed an acceptable rate of return on its oil exploration and development risks.

Development costs were rising fast. The Forties Field, which is producing 500,000 barrels a day, had cost \$1.7bn to develop. The Magnus Field could cost \$2bn, but it would only produce 120,000 barrels a day.

BNOC to drill two wells, Page 6

City split likely on insider deals

BY MARGARET REID

A SPLIT in City opinion about Government proposals to outlaw insider share dealing may develop, following remarks yesterday by Mr. Nicholas Goodison. The Stock Exchange chairman that he is now opposed to legislation on the issue.

Five years ago, the Stock Exchange and the City Take-over Panel gave public support to the principle of making insider dealing—the use of confidential information to make personal profits on share transactions—a criminal offence.

Both bodies are concerned with investigating cases of suspected insider trading under the City's existing self-regulatory system.

In 1973, Mr. Heath's Government produced, but failed to pass a Bill to prohibit insider dealing. Last July the present Government published a draft Bill to make the practice punishable with up to two years' jail.

Ministers are considering this week whether to introduce the Bill in the coming Parliamentary *session.*

Yesterday, Mr. Goodison shifted the Stock Exchange's position towards opposition to the proposed ban. He told businessmen in San Paulo, Brazil: "For my part, I do not think that any of the legislative proposals so far produced have been adequate to the problem."

He also questioned the effectiveness of the U.S. system of legal control through the Securities and Exchange Commission.

"Another problem is that legislation could make the work of the stock exchange more difficult than it is at the moment if it makes the collection of evidence subject to possible legal procedures.

"Even the American SEC, with its vast array of legislation-backed regulations, has floundered on the same point."

There was surprise in some parts of the the City at the stock exchange's evident change of stance. The Take-over Panel, which originally joined the exchange in backing a legal ban, has continued to favour legislation, and its chairman, Lord Shawcross, is known to be a *strong supporter of the legal ban* on insider deals.

There was no doubt in the City last night that Mr. Goodison's remarks represented the first public statement of a fresh Stock Exchange approach to the issue.

In November, 1976, in a speech to the Manchester Institute of Chartered Accountants, Mr. Goodison had favoured a ban, *speaking of insider dealing* as "an abuse which needs to be moved from the non-statutory to the statutory area of control."

That was soon after the Government had accepted the merits of the City's existing complement to an appropriate area *of statutory control.*

In the Conservative Party, too, there have been signs of a swing against the support which the Heath Government gave to the idea of outlawing insider dealing.

After the present Government's draft Bill was published, Mr. John Nott, the Conservative trade spokesman, described the provision on this subject as "quite unacceptable as drafted."

Mr. Goodison yesterday recalled that, with the Confederation of British Industry, the *Stock Exchange* had been establishing a model code for directors' dealings, based on the best practice for all companies.

Medical benefits to beat pay curb

BY CHRISTIAN TYLER, LABOUR EDITOR

A NUMBER of companies are planning to offer their shopfloor and white-collar workers private medical insurance as a way of gaining acceptance for the 5 per cent limit on pay settlements and helping to recruit and retain employees.

Three northern companies, one of them nationalised, have approached the Transport and General Workers' Union with the idea, and there are reports elsewhere of private dental care being offered.

The device, which conflicts with the policy not only of the TGWU, but also of the TUC and the Labour Party, has caused some embarrassment. Some of the 5,000 workers employed by the companies concerned want private insurance written into their next wage deal, on the grounds that it will give them and their families quick treatment in an area where public spending cuts have bitten hard into the National Health Service hospitals.

At the instigation of the TGWU's northern region, the union's general executive council last week decided to tell all negotiators not to accept any offers of insurance with BUPA or Private Patients Plan. The problem has now been passed on to the TUC.

But employers who see the offer as a relatively cheap device for circumventing pay policy—the £4 to £6 a week per worker being quoted might be offset by savings on regular sick pay—may be turned down by the Government.

The Department of Employment said yesterday that a benefit of this kind would not qualify for the exemption for sick pay improvements written into this and previous pay policies. It would have to be offset against *the main wage settlement.*

Mr. Joe Mills, northern region secretary of the TGWU who has been approached by companies, said that the union was rejecting *the idea on moral grounds.* "Once we allow people into private medical care, we are allowing something that undermines the NHS, the cornerstone of the welfare state." He said he was pressing the northern region of the TUC to reaffirm its commitment to public medicine and the abolition of private patient care.

It appears that attempts are being made to establish a private hospital on Tees-side, and companies are being invited to take out block subscriptions at £4 per *employee a week to provide the* custom.

Price rises face 'close scrutiny'

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

THE PRICE COMMISSION will "scrutinise very closely" attempts to pass on in price rises any large wage settlements outside the Government's pay guidelines; it warned yesterday.

This is seen as an attempt to re-inforce the pay strategy.

Mr. Charles Williams, chairman, who was speaking on the publication of the Commission's latest quarterly report, emphasised that the Commission did not want to become a pay board to monitor wage settlements.

However, the Government's hopes of achieving a 5 per cent inflation rate next year would depend on pay settlements being "at a realistic and socially responsible level."

He said that the Commission "will be scrutinising very closely during the coming months price increases justified by reference to cost recovery, with a view to increasing efficiency in cost absorption."

He added that the Commission was "likely to be particularly concerned in cases where wage settlements have given rise to large increases in unit labour costs which are then used as a basis for price increases"

He also said that the Commission would look especially at *applications for price rises from* market leaders in individual sectors who tended to set the price level for the industry.

Under the current price control legislation, the Price Commission could effectively freeze a company's price rise for up to a year.

When a company notifies the Commission of a pending price rise, the Commission has a month in which to decide to investigate the increase.

If it does, then the rise is frozen for three months pending an investigation and then the Com*mission can recommend to the* Prices Secretary that the increase be frozen for a further eight months.

The Government has had the threat of price control as one of its sanctions to enforce its pay policy since 1975 when the present round of pay and price controls began.

But Mr. William's timely reminder yesterday of the Commission's powers to scrutinise indirectly pay deals was seen as a political gesture during the present pay dispute.

Mr. Williams' warning came after some Commission members had made it clear that they would be unhappy to see the Commission playing a major role in curbing wages.

Continued from Page 1

U.S. exports

which was \$19bn in the first seven months of this year. This strongly reflects the desire of Mr. Robert Strauss, the U.S. should eschew the sort of export subsidy that it complains other countries operate

Mr. Carter today reiterated his aim of achieving *in the current* Geneva trade talks an international code restricting Government export subsidies.

Though Mr. Carter said export controls would still be imposed on U.S. goods for foreign policy or human rights considerations, he also commented that weight will be given to whether the goods in question are also available *from other countries.*

The Administration recently banned the sale of a U.S. computer to the Soviet Union in protest at the trials of Soviet dissidents.

The President urged that the 1976 tax increases on Americans working abroad, many of them involved in exporting, be reduced, and said that he would *still urge congress* to approve \$250m in tax relief for expatriate Americans.

The August consumer price figures underline the pressure for additional measures. The volatile food sector, which went up for the second consecutive month by only 0.2 per cent, was a major factor in keeping the overall increase down.

But there were continuing disturbing increases *particularly in* the service areas—with the cost of medical care, for example, rising by 0.9 per cent in the month, thus perpetuating the double digit annual rate that has prevailed throughout the year.

The overall theme of Mr. Blumenthal's address was consistent with the view expressed by other leading Finance Ministers *here this week.*

He foresaw a better balance in international payments over the next year or more, largely as the result of convergent growth rates in the major industrialised economies.

Specifically, he confirmed the U.S. Treasury's own forecast that the deficit on current account would decline by between 30 and *40 per cent* next year from this year's level, which is now estimated at between \$18bn and \$19bn

THE LEX COLUMN

The scanner under the microscope

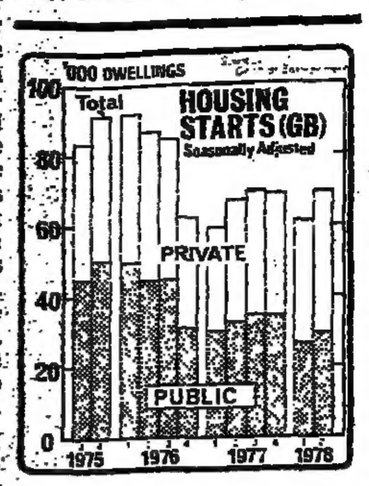
Maybe the Kremlinologists should be wheeled in to study yesterday's statement by Sir John Read on EMI's scanner problems. It was odd that the company should embark upon remarks about this highly sensitive area just nine days ahead of the announcement of the 1977-78 results. The immediate suspicion was that Sir John was trying to soften up the market for figures that will fail to match up even to expectations repeatedly revised downwards. That was certainly the way the market interpreted his hints, with the shares dropping from 158p to 150p before rallying to show a net loss of 3p on the day.

There was nothing strictly new about EMI's warnings of a setback in medical electronics—but just a suggestion, from all the talk about a "heavy burden" on the company, that things have got worse rather than better. For what it is worth, market expectations are *that the group's pre-tax profits,* after scanner losses of something like £5m, will come out in the £30m-£34m range before tax, against £64.7m. But some *analysts have dropped their* sights below £30m.

Yet current share price—which has rallied from a low of 130p during the summer—is also taking into account a potential recovery in the current year to £45m or £50m pre-tax. This partly reflects the expectation of a modest recovery on the electronics side, but to a larger extent it is linked to hopes of improvements elsewhere in the group.

The calculation for medical electronics is that the costs of cutting back production levels will have been borne in 1977-78, while R and D is running at a lower—though unspecified—level than the peak £12m a year. Moreover EMI could start getting a better payoff from its service network. Yesterday's message, however, is that although EMI's new scanner range is impressive this remains a high risk product: the company appears to have comparatively little in the way of a forward order book. If successful the group's series of patent actions could one day produce royalties, but that is not going to do anything for this year's cash flow.

Index rose 4.8 to 514.2



Decca

Decca's balance sheet is beginning to show the marks of its profits stagnation in recent years. Net working capital rose by £9½m in 1977-78 to £84m, more than double the level of *five years ago. Sales have risen* by *only three-fifths in the same* five-year period, while reported profits have fallen from £15.1m to £12.3m.

Net borrowings *increased last* year by £8.6m to £29m. However the impact on gearing ratios has been offset by a highly unusual treatment of deferred tax. Decca has not adopted the ED 19 treatment, but it has transferred into shareholders' funds £10m of its provisions against tax deferred by stock relief. As a result, they are up from £49.4m to £60.7m.

Decca's problem is that its working capital is being inflated by major contracts related to electronic warfare. These will not reach the pay-off stage until the early 1980's, and meanwhile it is being hit by industrial troubles and difficulties in consumer products. Interim profits will be "appreciably" lower. Rank's deal with Toshiba on television manufacturing, must be something that Decca would dearly like to imitate.

Insider dealing

There are signs of backtracking by the Stock Exchange. Yesterday the SE chairman, Mr. Nicholas Goodison, chose to announce to the businessmen of Sao Paulo that he is having doubts about the advisability of legislating against insider dealing in the UK. Back in London it was made clear that Mr. Goodison was indeed representing the views of the Stock Exchange Council, whose members he has recently canvassed.

What is so curious about the affair is that both Mr. Goodison and his Council are on record as supporting the need for legislation to ban people from dealing on the basis of privileged information. More important, the Takeover Panel—the body which has done most to make self-regulation work—has asked for the intervention of the law here. And Mr. Goodison is a *member of the Panel.*

Is this a case of the Stock Exchange hastily changing its tune at a time when there is a prospect that companies legislation might be introduced quite soon in Parliament? Maybe Mr. Goodison is simply testing the water in reflecting the views of some of the more hardline members of his council. But on their own admission, neither the Stock Exchange nor the Takeover Panel has been able to cope with this matter by self-regulatory means. Nor is there any evidence to suggest that the new Council for the Securities Industry—to which Mr. Goodi*son now seems to be looking*—would be more successful.

Barratt Developments

During 1976-77 Barratt Developments reckoned that building costs rose by over 20 per cent while house prices nationally increased only 8 per cent. This year, by contrast, the pendulum has swung sharply the other way—building costs are up by less than 10 per cent and average selling prices are up by close to 20 per cent. This has had a dramatic impact on pre-tax profits which are some 50 per cent better at £11.2m.

So Barratt's trading background looks a lot more comfortable. Despite a £15½m rise in the land bank and work in progress, the interest charge is down by a third and with the help of last November's £4.4m rights issue, borrowings as a proportion of shareholders' funds have dropped from 57 per cent to 35 per cent. Whereas the group had been chasing volume through the depths of the building recession, by the end of last year it was able to slow down its sales programme and take advantage of rising land prices to boost its margins.

In the current year margins should continue to recover and some analysts, such as Messel's, are pencilling in profits of £17m-£18m. In the short term the shares look cheap, selling on a prospective multiple of 5 and a yield of ten-plus, but the question still remains about what *happens* when Barratt has exhausted its relatively cheap stock of land. Meanwhile, gearing seems set to increase and the company could return for yet another rights issue before the building cycle turns down.

Weather

UK TODAY

SUNNY SPELLS and showers.

London, SE, SW and Cent.S England, E Anglia, E and W Midlands, Channel Is.
Sunny spells, some showers. Max. 17C (63F).

E, Cent.N and NE England, Borders, Edinburgh, Dundee, Aberdeen
Showers, sunny intervals. Max. 14C (57F).

S and N Wales, NW England, Lakes, Is. of Man, SW Scotland, Glasgow, Argyll, N Ireland
Cloudy, occasional showers. Max. 15C (59F).

Cent. Highlands, Moray Firth, NW Scotland
Showers, sunny intervals. Max. 11C (52F).

NE Scotland, Orkney, Shetland
Showers, sunny intervals. Max. 10C (50F).

Outlook: Rain spreading from north.

BUSINESS CENTRES

		Y'day midday °C	°F			Y'day midday °C	°F
Alexandria	S	27	81	London	F	17	63
Amstrdm.	F	16	61	Luxembg.	R	11	52
Athens	S	25	77	Madrid	S	25	77
Bahrain	S	34	93	Manchstr.	F	14	57
Barcelona	S	25	77	Melbourne	C	16	61
Beirut	S	27	81	Milan	C	21	70
Belfast	F	14	57	Montreal	S	9	48
Belgrade	S	28	82	Moscow	C	4	39
Berlin	F	15	59	Munich	S	[illegible]	[illegible]
Birmghm.	R	15	59	Newcastle	C	13	55
Bristol	F	16	61	New York	S	11	52
Brussels	F	15	59	Oslo	S	14	57
Budapest	S	26	79	Paris	C	15	59
B. Aires	S	22	72	Perth	S	19	66
Cairo	S	30	86	Prague	C	12	54
Cardiff	S	15	59	Reykjavik	F	9	48
Chicago	S	19	67	Rio de J'o	S	25	78
Cologne	C	13	55	Rome	S	21	70
Copnhagn.	F	15	59	Singapore	S	30	86
Dublin	R	13	55	Stockholm	C	10	50
Edinb'rgh	R	12	54	Strasbrg.	S	21	70
Frankfurt	R	12	54	Sydney	C	19	66
Geneva	S	21	70	Tehran	S	28	82
Glasgow	F	12	54	Tel Aviv	S	26	79
Helsinki	C	7	45	Tokyo	C	26	79
H. Kong	C	26	80	Toronto	S	11	52
Jo'burg	S	26	79	Vienna	S	24	75
Lisbon	S	25	77	Zurich	F	20	68

HOLIDAY RESORTS

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	24	75	Istanbul	F	22	72
Algiers	S	27	81	Jersey	F	17	63
Biarritz	F	20	68	Las Plms.	F	25	77
Blackpool	R	13	55	Locarno	C	18	63
Bordeaux	F	22	72	Majorca	S	27	81
Boulogne	S	16	61	Malaga	S	25	77
Casblnca.	S	26	79	Malta	S	26	79
Cape Tn.	S	22	72	Nairobi	R	22	72
Corfu	S	25	77	Naples	S	24	75
Dubrovnik	S	23	73	Nice	S	22	72
Faro	S	27	81	Oporto	F	24	75
Florence	S	24	75	Rhodes	S	25	77
Funchal	F	25	77	Salzburg	F	23	73
Gibraltar	S	24	75	Tangier	S	29	84
Guernsey	F	17	63	Tenerife	F	21	70
Innsbruck	S	23	73	Tun's	S	20	68
Inverness	C	11	52	Venice	F	22	72
I. of Man	F	13	55				

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Supersonic promotion fails to take off

BY MICHAEL THOMPSON-NOEL, MARKETING EDITOR

Britain's first supersonic new product launch stayed rooted to the ground yesterday.

Anxious to spread the word about its latest breakthrough in wet shaving technology, Gillette Industries chartered Concorde for a £20,000 Press *conference over the North* Atlantic so that at 50,000 ft it could regale 100 guests with details of its new space-age Contour razor.

But Concorde never took off. Grounded by a British Airways engineers' dispute, the pride of Anglo-French aerospace and the latest wonder in *wet shaving* stayed put at zero feet in what Gillette admitted later was a fiasco.

To make the day complete, a spokesman for Gillette claimed later: "The Contour razor will make in shaving the same impact as the jet engine in air travel."

British Airways said last night that the Gillette Concorde—the first private commercial booking of its kind—was grounded as a "planned cancellation" because of a continuing work-to-rule dispute among its engineers.

Gillette had paid the airline *£15,000 for a 2½-hour Concorde* charter. Other costs, such as free champagne, would have taken the final bill to £20,000.

Gillette says it plans to re*schedule its Concorde flight* sometime next month—yesterday's trauma permitting.

The 100 guests for the Concorde jolly were journalists and trade contacts. Gillette says the first it heard that the flight might be in jeopardy was last Thursday night. The following day its public relations advisers, Daniel J. Edelman, attempted to alert the chosen 100.

But it was not until late on Monday evening, says Gillette's marketing director, Mr. Barry Douthwaite, that the company received a final "no go" from British Airways. The result was that yesterday, prompt at noon, the party had assembled at the Heathrow Hotel, passports in hand.

Gillette's managing director, Mr. Denis Sanan, said he was mortified. "What can I say? What can I say?" He said that at the time the contract was signed, Gillette had asked British Airways what would happen if Concorde developed a technical fault. "They promised a back-up Concorde" — indeed yesterday, two Concordes were ready.

Crimson-faced, Gillette nonetheless plugged bravely ahead with the launch of Contour—and immediately ran into further problems.

Thwarted by Concorde, the company switched to the conference room of the Heathrow Hotel, but no sooner had the sound commentary got round to invoking the "genius of Leonardo da Vinci" in the context of man's pursuit of perfection than the equipment broke down, leaving Mr. Raymond Baxter, the broadcaster, to step *forward* and apologise for "one of the biggest technical cock-ups" he had ever seen.

By now, Contour had ceased to be the topic of the moment *though subsequent* investigation revealed it to be the not-so-novel successor to Gillette's G II twin-bladed razor launched six years ago. Contour, already *on sale in the U.S.*, has a self-adjusting pivoting head which moves to match the contours of the shaver's face.

The new razor will cost about £2. In an effort to extend Gillette's estimated 44 per cent share of the £34m UK wet shaving market, it will be backed this winter by a £500,000 advertising campaign via J. Walter Thompson.

Although it was launched in the U.S. first, Contour was developed at Gillette's research and development centre at Reading. Output from the company's Isleworth, West London, factory, where initial investment in new plant and equipment totals £3m, will provide more jobs and will be used to help *service export* markets, says Gillette.

According to Mr. Sanan: "We are already selling the razor in the U.S. under the *brand name Atra* and there it has become America's fastest-selling razor."

Gillette says it is putting £3m in promotional expenditure be*hind Contour* and the G II over the next 12 months and that Contour's launch is its most expensive ever.

Chocks away!

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جامعة الأصل